

# Go short in MCX copper futures if prices top ₹670

## COMMODITY CALL

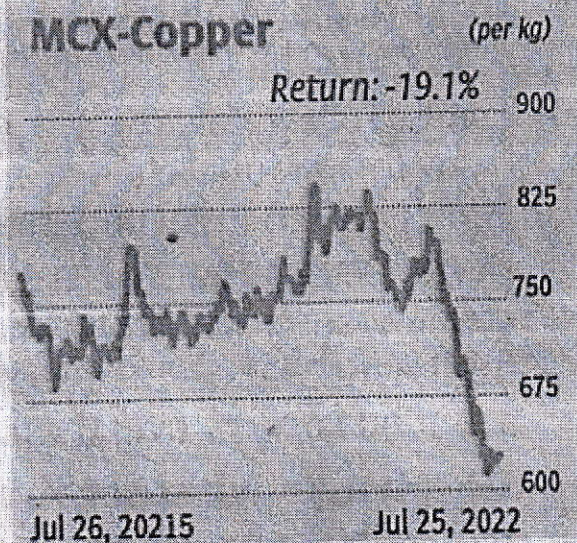
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Copper futures on the MCX ended their losing streak by gaining about 1.8 per cent to close at ₹627 last week. Prior to that, the contract posted loss for six weeks in a row.

That said, whether there will be a bullish reversal is still far from certain, as the contract is still below some key levels. A decisive breach of ₹700 could turn the outlook positive. Until then, the bias will remain bearish.

In fact, we do not expect the resistance at ₹700 to be breached. The contract, currently trading around ₹638, might rally to ₹670, and possibly to ₹700, but will eventually resume its downward movement. But since there is a chance that the contract will appreciate to ₹700, we suggest



waiting for now, and initiating fresh short positions at ₹670 and ₹700. Go short worth half of the intended amount, when the contract moves to ₹670. Add shorts for the remaining amount at ₹700 and then place stop-loss at ₹745.

After you short the contract, when it reverses lower and slips below ₹600, tighten the stop-loss to ₹670. Liquidate all the shorts when the contract touches ₹550. This is a considerable support level and there is a good chance that the contract will rebound from this level.