

Copper futures: Initiate short positions in 3 legs

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Copper futures on the MCX, unable to move beyond the barrier at ₹800, started falling early last week. The downswing extended resulting in the contract invalidating a key support at ₹745 on Tuesday. This level happened to be the neckline of a double-top and a fall below this level means copper futures has confirmed the pattern.

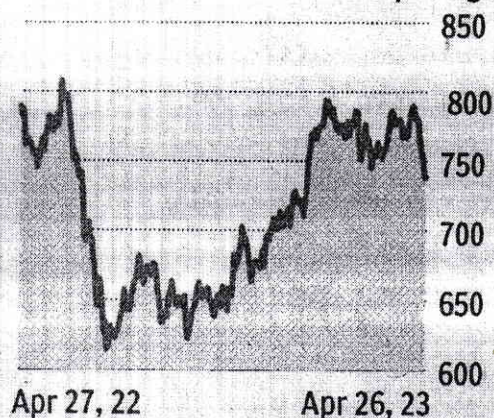
COMMODITY CALL.

Considering the validity of the chart pattern, we can expect the price of the contract to fall further, potentially to ₹700. But note that there is a minor support at ₹710, thus making the price region of ₹700-708 a support band.

That said, we might see a corrective rally from the cur-

Return -6.5%

₹ per kg



rent level as the contract has fallen sharply recently. Such an up move can lift the contract to ₹750-760 range. Nevertheless, we expect the contract to resume the decline and touch ₹700.

Since there is a chance of a corrective rally from here, we suggest initiating fresh short positions in three legs — short for one-third of the planned amount at the current level of ₹733; add another one-third of shorts when price moves up to ₹750; add shorts for the remaining one-third when price rises to ₹760. Place stop-loss at ₹775 at first.