

Short copper at ₹726, add more on rise to ₹731

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Copper futures on the Multi Commodity Exchange (MCX) rallied over the past couple of weeks. The March contract bounced off the support at ₹710 on February 12. It marked a high of ₹735.45 on February 21 before moderating to the current level of ₹726.

The contract is facing the 50-day moving average resistance, which is now at ₹732. So a rally is likely beyond this level.

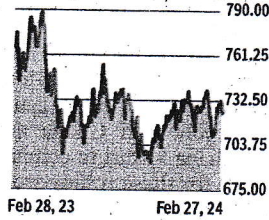
Also, from the chart of the continuous contract of copper, ₹730-740 appears to be a resistance band. So the probability of copper futures falling is high.

We expect March copper futures to decline to ₹710 in the short term. Notably, the region between ₹700 and ₹710 is a support. A breach

MCX Copper

Return -5.2%

₹ / kg



of ₹700 can trigger another leg of downswing, possibly to ₹685.

On the other hand, copper futures should decisively break out of the resistance at ₹740 to turn the trend bullish.

TRADE STRATEGY

Short copper futures at the current level of ₹726. Add shorts if the contract rises to ₹731. Place stop-loss at ₹742. When the contract touches ₹715, tighten the stop-loss to ₹722. Book profits at ₹710.