

Go short if copper dips below ₹860, stop loss at ₹864

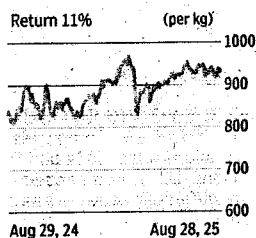
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Copper prices are stuck in a sideways range for almost three months now. The contract traded on the MCX has been oscillating between ₹860 and ₹906 per kg since the second week of June this year.

COMMODITY CALL.

Indeed, the range has narrowed down to ₹868 and ₹895 since the beginning of this month. Within this range, the contract is currently trading at ₹885 per kg.

The near-term outlook is unclear. We will have to wait for a breakout on either side of ₹860 or ₹906 to get clarity on the next direction of move. A break below ₹860 will be bearish. It can take the contract down to ₹848. A further break below ₹848 will increase the selling pressure. Such a break can see the contract extending the fall to



₹835-833 in the coming weeks. If copper manages to breach ₹906, it can rise to ₹912 initially. A decisive break above ₹912 can take clear the way for a further rise to ₹928. From a big picture, copper has to ideally rise past ₹928 to turn the outlook completely bullish.

TRADE STRATEGY

For now, stay out of the market. However, traders can go short if the contract declines below ₹860. Keep the stop-loss at ₹864. Trail the stop-loss down to ₹858 when the price goes down to ₹856.

Move the stop-loss down to ₹856 when the contract touches ₹854 on the downside. Exit the shorts at ₹852.