

COPPER



News & Development

MCX Copper prices has majorly traded higher during the past couple of weeks, owing to easing lockdown situation and but then with worries of covid-19 cases in U.S and European Union once has again disrupted the supply chain in the global markets capping major upside movement. Post the U.S. Elections, global copper prices has remained relatively better. By 21st January, MCX Copper futures closed at Rs.614.84/kg, higher by 3.38% compared to Rs.594.7/kg reported on 31st December.

Fundamentally for the coming month, we expect MCX Copper futures to trade bullish amid prevailing worries in the economic activates and rising covid-19 cases in the global markets especially in Europe and United States. But then, poor inventories in the LME warehouses are estimated to cushion prices from the lower levels. Rising hopes of additional stimulus package in USA with higher Chinese buying to improve the base metals prices in the international markets. China's factory output grew at the fastest pace in 20 months in November, as revived consumer spending and a gradual easing of COVID-19 restrictions in major trading partners lifted demand for the country's manufactured goods. The refinery production in the major countries of Chile, Peru and China is forecasted to see decline as the virus cases continue to spur that could lead to supply tightness. Correspondingly, there are certain other factors that could potentially support copper prices from lower levels; as we are witnessing overall higher global usage for copper in the current year as compared to refinery production during the monthly basis. As per International Copper Study Group, global usage for Oct'2020 has reported at 2.259 million tonnes, higher by 1.80% compared to 2.219 million tonnes of the previous month. In the case of World Refinery production, global production for Oct'20 has been reported at 2.145 million tonnes, higher compared to 2.072 million tonnes of Sept'20. Significant increase in usage over the production is expected to bring bullish trend in MCX Copper Futures for the month ahead.



On the daily chart, MCX Copper (Feb) has sustained above its **“Upward Sloping Trend Line”** which signals strength in the counter. Additionally, price has been trading above its **50*200 days “Simple Moving Average”** which signals positive momentum. Furthermore, price has sustained above its **“Ichimoku Cloud”** is in a buy signal which indicates a northward movement in the counter. Also, momentum indicator **RSI (14)** has sustained above its 50 level, which confirms that the bulls are in control. **So, based on the above technical structure one can initiate a long position in MCX Copper (Feb) future around 604 levels or a fall in the prices till 602 levels can be used as a buying opportunity for the upside target of 632. However, the bullish view will be negated if MCX Copper (Feb) closes below the support of 590.**