

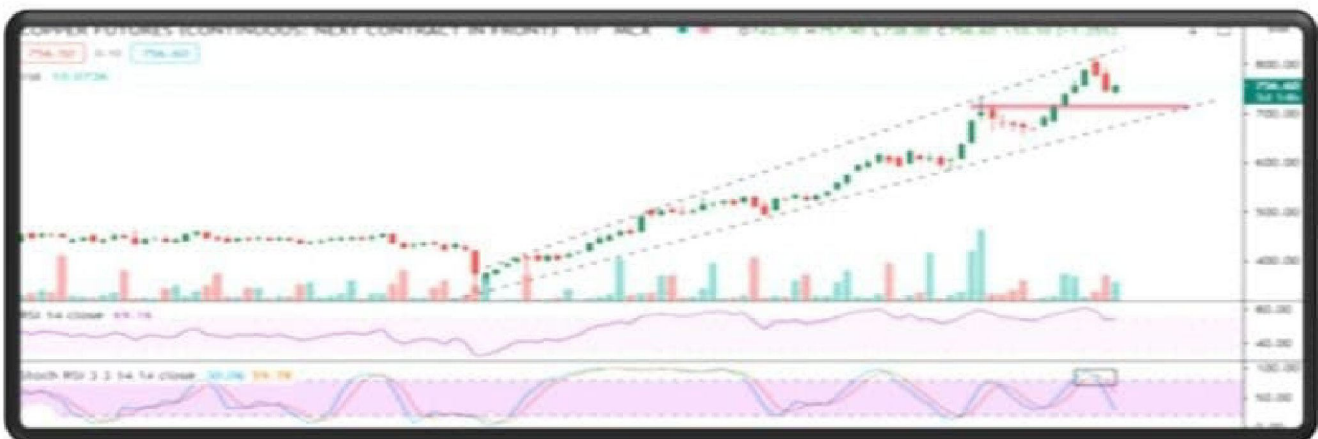
# COPPER



## News & Development

MCX Copper prices has initially traded higher during the month of May, owing to easing worries of covid-19 cases in U.S and European Union with countries like Australia showing significant signs of recovery. However, base metal prices along with copper fell in the second half of May due to rising covid-19 cases in Asian countries with reports of higher deaths in Japan and other far east countries. By 24th May, MCX Copper futures closed at Rs.751/kg, lower by 3.97% compared to Rs.754/kg reported on 30th April.

Fundamentally for the coming month, we expect MCX Copper futures to trade bullish as the global economy is witnessing faster than expected recovery with Chinese Economy improving its industrial production and import of its raw material. Fast pace of the vaccination for the people in the western countries is also another factor that has added support in global copper prices. Although the economic activities in India has slowdowns with series of lockdown in various states. But then, the economic data in the United States and China are showing recoveries which is expected to support prices. The refinery production in the major countries of Chile and Peru is forecasted to see decline as the potential for tighter regulation and higher taxes in Chile fuel concerns about the long-term supply outlook. Correspondingly, copper prices could further upside as European countries are slowly opening up, however, worries in the Japanese economy continue as cases continue to rise. As per International Copper Study Group, global usage for Feb'21 has reported at 1.779 million tonnes, lower compared to 2.073 tonnes of the previous month. In the case of World Refinery production, global production for Feb'21 has been reported at 1.889 million tonnes, lower compared to 2.093 million tonnes of Jan'21. Though the production exceeds over the usage the Global copper prices is likely to remain bullish with positive sentiments, weak US Dollar Index and falling bond yields.



On a weekly chart, MCX COPPER (Jun) future has formed bearish reversal **Ascending Broadening Wedge** pattern which indicates bearish momentum for the long term. In addition, an oscillator **Stochastic RSI** is also supportive for the short position with negative crossover. Moreover, a momentum indicator **RSI (14)** is at 70 levels, the overbought zone which confirms profit booking in the near future. However, on the daily chart **Stochastic RSI** given positive crossover which indicates slightly recovery in the counter. **Hence, based on above technical structure, we are recommending sell on rise strategy in MCX Copper (June) future , so one can initiate a short position MCX Copper (June) future around 760 or a rise in the price till 765 levels can be used as selling opportunity for the downside target of 720. However, the bearish view will be negated if MCX Copper (June) future close above the resistance level of 783.**