

**MCX Copper**

**CMP 407**

**Target 464/510/550**

**SL 349**

### **Short-term Analysis (2-3 weeks)**

In short-term copper price is expected to trade volatile between the range 380-410 and every dip in the copper price is a buying opportunity for long-term investor.

- \* Copper imports to US are increased to 73,061 metric tons in April 2011, compared to 66,166 metric tons in March 2011. The improved import figures from the US, supported increase in the price of the metal.
- \* Weak investor sentiment toward US economic recovery due to weak economic data, dampened investor sentiment regarding the demand for the metal.
- \* Saudi Arabia failed to convince OPEC members to raise output targets of crude oil from the current levels of production.
- \* Greece's debt problem together with weak U.S. economic data, intensified contagion fears across world and fuelled concerns about a slowdown in the U.S. economic recovery.

### **Long-term Analysis (Next Six Months)**

The copper price is expected to increase during H2 of 2011.

#### **Lower output**

- \* The concerns regarding lower output from Chile (due to low ore grades) and China (due to power shortages), will support increase in the price of copper.

#### **High consumption from Japan:**

- \* The expectations of increase in demand for copper from Japan, for reconstruction activities will support the price of copper during later part of the year.

#### **Demand from developing nation:**

- \* Due to tighten monetary policy and inflation, presently there is a sluggish demand from developing countries but in longer-term, the countries like china, India and Brazil could consume more metal due to their infrastructure development and industrial development.

## Factors must be watch on downside:

### Weak Chinese demand:

- \* China's imports on copper and its alloys were at 262,676 metric tons in April-2011. This import figure for April-2011 was 40% down compared to April 2010 and 14% down compared to March 2011.

### Euro-region debt problem:

- \* PIIGS problems (Portugal, Italy, Ireland, Greece and Spain) are not fully solved. In future anytime it may bust and impacts the commodities price.

### Inflation & monetary tighten:

- \* Already developing nations like India, china etc, are tightening their monetary policy due to higher inflation. Further tightening will decrease the copper consumption.

## Technical Analysis:

- \* Long-term **Elliot wave pattern** is formed in COMEX copper. 1<sup>st</sup> wave was topped out near 366 cents/lb (approx. MCX copper price is 366) and 2<sup>nd</sup> wave was ended at 270 cents/lb. 3<sup>rd</sup> wave was sustained till 465 cents/lb.
- \* Now we are in end of 4<sup>th</sup> wave and starting of 5<sup>th</sup> wave. This 4<sup>th</sup> wave could end near 380 cents/lb. 5<sup>th</sup> wave is expected to touch 520-550 cents/lb.

## COMEX Copper weekly chart:



## Head & Shoulder

- \* Inverted head & shoulder pattern was formed in COMEX Copper and breakout happened around 355 cents/lb. Based upon this pattern the target price is 550-600 cents/lb.

## COMEX Copper weekly chart:



## Technical Snap:

MACD 7.28	RSI 49.12	Stochastic 39	Ichimoku cloud support 339-351 cents/lb
20 DMA 430.48	50 DMA 391.52	100 DMA 352.86	200 DMA 315.86

Based on these two pattern and various indicators, COMEX Copper looks bullish for long term and weakness seen only below 350.