

Copper, steel, aluminum and other metal prices have been falling for many years and are now near their six year lows. This is a massive correction, and similarly the stocks of commodity companies have also corrected substantially.

Prices are expected to bounce from these levels in the long run, as commodity demand normally picks up when prices reach very low levels. Long term demand for metals will rise in India as economy picks up. Another positive for metal prices is that the production overcapacity in industry is being reduced in steel and the other metals like copper etc are facing global supply side constraints.

The low valuations and bright long term prospects of economy makes commodity stocks attractive at current levels.

One may accumulate stocks of Tata Steel, Vedanta, and Hindalco with a time frame of three years.

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NSE - INB 231219636, INF 231219636 BSE - INB 011219632, NCDEX Membership No: 00635 | MCX Membership No: 28850 | SEBI Registration No: MCX-SX: INE261219636 SEBI Registration No: NSE Currency: INE231219636