

Go short now on zinc

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Zinc futures (February contract) on the Multi Commodity Exchange (MCX) rebounded sharply on the back of the support at ₹220.

While it made a high of ₹230.25, the contract moderated, and it closed at ₹227.65 on Tuesday.

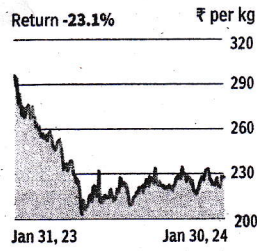
COMMODITY CALL.

The contract is facing a barrier between ₹228 and ₹230. Also, zinc futures is now trading around the 50-day moving average.

For the trend to turn bullish, the resistance at ₹230 should be invalidated.

But as it stands, the chances of a breakout is less. Zinc futures could decline from the current level of ₹227 towards ₹220.

Although ₹224 is a minor support, we anticipate the



contract falling to ₹220 in the short-term. On the other hand, if zinc futures break out of ₹230, it will open the door for a fresh rally to ₹235, its nearest resistance. Subsequent resistance is at ₹240.

TRADE STRATEGY

As zinc futures is trading below a resistance, traders can short the contract now at ₹227.

Add shorts if the price inches up to ₹229. Place stop-loss at ₹232.

When the contract declines below ₹224, tighten the stop-loss to ₹227.

Liquidate the shorts at ₹220.