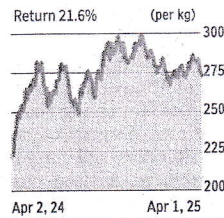


Traders can stay out of zinc futures

Akhil Nallamuthu
bl. research bureau



The price of zinc futures has been on a decline for about three weeks. After hitting a two-month high of ₹282/kg on March 24, the contract started to fall.

On Tuesday, it closed at ₹267.65. The current chart set-up hints at further decline from here. But there is a support nearby at ₹266. So, how zinc futures react to this level should be watched closely.

In case there is rebound on the back of the support, the contract can face resistance at ₹270 and ₹275. A falling trendline resistance coincides at ₹275, making it a key level.

Essentially, if recovery happens, the contract has to surpass ₹275 to turn the trend positive. In this case, zinc futures can rise to ₹290.

On the other hand, if the contract slips below the support at ₹266, the decline can extend to ₹260. A breach of this can intensify the sell-off. Support below ₹260 is at ₹245.

TRADE STRATEGY

Considering the above factors, the direction of the next swing in price is uncertain. So, traders can stay out.

Participants who have high risk tolerance can buy zinc futures at ₹267. Target and stop-loss can be at ₹275 and ₹263 respectively.