

Zinc futures: Downtrend intact, retain the shorts

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Zinc futures on the Multi Commodity Exchange (MCX), which jumped early last week, could not retain the upward momentum. Unable to rally past ₹212, the price moderated during the

COMMODITY CALL.

week. It is currently hovering around ₹207.50.

The price action of the past week hints at a possible sideways trend between ₹204 and ₹212. That said, the critical support band of ₹200-204 stays valid. Consequently, the possibility of zinc futures witnessing a corrective rally still remains. If such an up move occurs, we see a potential for a rally to

₹230-240 price region. Resistance above ₹240 is at ₹250.

But if the bears come back with another onslaught and drag the price below ₹200, it will open the door for another leg of a downtrend, possibly to ₹180. Immediate support below ₹180 is at ₹170.

TRADE STRATEGY

Last week, we recommended buying June expiry zinc futures at around ₹212. Based on the price action of the June contract, we suggested keeping the stop-loss at ₹200. When the price touches ₹228, tighten the stop-loss to ₹222. Book profits at ₹235.

Traders who had initiated this position can continue to hold it. But note that this trade carries higher risk as the broader trend is bearish. Risk-averse traders can avoid this position.