Buy zinc if it breaks out of ₹424

Akhil Nallamuthu
bl. research bureau

Zinc futures (₹418/kg), for more than a week, have been in a consolidation phase. While the trend has not turned bearish yet, the uptrend is now facing a crucial test.

COMMODITY CALL.

The November futures, which have been oscillating between ₹405 and ₹420 in the recent sessions, face a notable resistance at ₹424. But the price remains above 21- and 50-day moving averages, which now coincides at ₹405. If zinc futures regain traction and break out of ₹424, they could establish a fresh uptrend, potentially lifting the contract to ₹435 and subsequently to ₹450.



On the other hand, if the contract slips from the current level, it could find support at ₹405. Subsequent support is at ₹393. As long as the base at ₹393 holds, the bulls will have an edge. However, if zinc futures break down below ₹393, the near-term outlook could turn bearish and the price could fall to ₹385 and ₹372.

TRADE STRATEGY

Buy zinc futures if the price breaks out of ₹424 and place a stop-loss at ₹419. Book profits at ₹435.