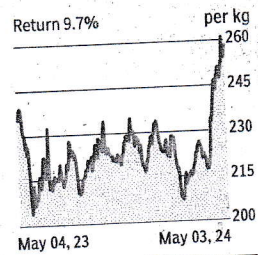


COMMODITY CALL.

Buy zinc futures if they rally past ₹262



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Zinc futures (May contract) on the Multi Commodity Exchange (MCX) returned nearly 18 per cent in April. Thus, the uptrend, which began in the second half of February, is valid. The rebound in price off the support band of ₹250-252 last week reinforces the bulls' hold.

Taking the prevailing price action into account, it is safe to assume that May zinc futures have more room for rally from the current levels.

However, the long-term chart of the continuous contract of zinc futures shows that the price region between ₹270 and ₹275 is a significant supply zone. So, we can expect fresh sellers arriving at these levels and traders, who are long now, might look to take money off the table. This can lead to a correction in price.

On the other hand, if zinc futures fall from the current levels and invalidates the support at ₹250, the outlook can turn bearish, at least for the short-term. Key support levels below ₹250 are at ₹240 and ₹233.

TRADE STRATEGY

Zinc futures fell after hitting ₹262 early last week before witnessing a recovery. So, this level can act as a hurdle again.

Therefore, traders can stay out for now. Buy zinc futures if it rallies past ₹262. Target and stop-loss for this trade can be ₹270 and ₹258, respectively.