

Zinc: Stay out of market now

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Zinc prices have been declining over the past three weeks and the price fall intensified in the past week.

The zinc futures contract traded on the Multi Commodity Exchange (MCX) fell over 6 per cent last week, touching a low of ₹251.10 per kg.

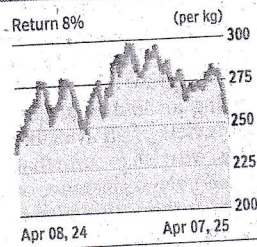
COMMODITY CALL.

It has bounced slightly from there and is currently trading at ₹254 per kg.

The outlook is bearish. There is room for the contract to fall more. It can fall to ₹250-₹248 in the short term. However, strong support is there in the ₹249-₹247 region. We expect the fall to halt there. A bounce from this support zone could take Zinc up to ₹260 again.

But, if the contract breaks below ₹247, it can come under more selling pressure.

Such a break can see the



price tumbling towards ₹239 thereafter.

On the charts, the ₹249-₹247 region looks to be a strong support. We expect it to hold at least on its first test.

TRADE STRATEGY

Considering the room for more fall, we suggest traders to stay out of the market now. However, long positions can be taken on dips at ₹251 and ₹248. Keep the stop-loss at ₹244.

Trail the stop-loss up to ₹253 as soon as the contract goes up to ₹255. Move the stop-loss further up to ₹256 when the contract touches ₹258. Exit the long positions at ₹260.