

COMMODITY CALL.

Hold the longs in zinc

Gurumurthy K

bl. research bureau



Zinc prices have come down slightly over the last one week. The Zinc Futures contract on the Multi Commodity Exchange made a high of ₹228.45 per kg last week and has come down from there. It fell to a low of ₹219.55 and is trying to bounce back. The contract is current trading at ₹222 per kg.

Immediate support is at ₹220. Below that ₹218 is the next support. Resistance is at ₹217.50 - the 100-Day Moving Average (MA). A trendline is also poised near ₹217. As such a fall below ₹217 is less likely. Dips below ₹220 are likely to be bought.

The chances are high for the zinc futures contract to breach the resistance at ₹217.50 in the coming days. Such a break can take the contract up to ₹238-240 and even higher in the short-term.

The outlook will turn negative only if the Zinc Futures contract declines below ₹217. In that case a test of ₹214 is possible.

TRADE STRATEGY

Last week, we suggested to go long at ₹226 and ₹222. The average holding rate of this position is now at ₹224. Hold this long position. Retain the same strategy.

Keep the stop-loss at ₹215. Revise the stop-loss up to ₹230 when the contract moves up to ₹235. Exit the long positions at ₹242.