

Zinc: Wait for dips to go long, stop-loss at ₹215

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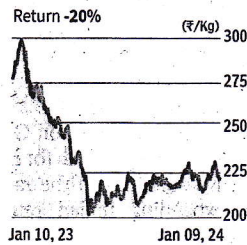
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Zinc prices have come down over the last one week. The zinc futures contract traded on the MCX made a high of ₹233.85 per kg last week and lost four per cent to trade at ₹224.

COMMODITY CALL.

The near-term outlook is negative. Immediate support is ₹222.50 which is holding well for now. If the zinc contract manages to rise from the current levels, a corrective up move to ₹227 is a possibility. The region between ₹227 and ₹228 is a strong resistance now which can cap the upside.

From a medium-term perspective, the region around ₹218 is a very strong trend sup-



port that can halt the current fall. As such, the contract can see a fresh rise from around ₹218 again, opening the possibilities to reach ₹230 and ₹235 over the medium term.

TRADING STRATEGY

Traders can wait for dips. Go long at ₹220 and ₹218. Keep the stop-loss at ₹215. Trail the stop-loss up to ₹222 as soon as the contract moves up to ₹224. Move the stop-loss further up to ₹225 when the contract touches ₹227. Exit the long positions at ₹228.