Go long on zinc futures with stop-loss at ₹360

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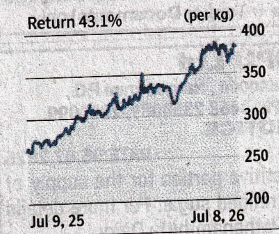
Zinc futures (₹374/kg) have been steadily rallying over the past two weeks. The prevailing price action indicates strong uptrend, and hence the likelihood for further rally is high.



COMMODITY CALL.

The July futures rebounded on the back of the support at ₹350 and early this week, they surpassed a trendline resistance at ₹367. The contract has now moved above the hurdle at ₹372 and also, the price is above both the 21- and 50-day moving averages. Given the current chart set up, we expect zinc futures to see another upswing, potentially lifting the price to ₹390 in the near-term. A breakout of ₹390 could lead to a rally to ₹400.

On the other hand, if the contract declines from ₹374, it could find support between ₹367 and ₹363. A breach of ₹363 could trigger a decline to ₹357 and possibly to ₹350.

Nevertheless, as it stands, the bulls are having an edge over the bears and the probability for a rally is high.

TRADE STRATEGY
Buy zinc futures at ₹370 with a stop-loss at ₹360. When the price rises to ₹382, revise the stop-loss to ₹375. Book profits at ₹390.