

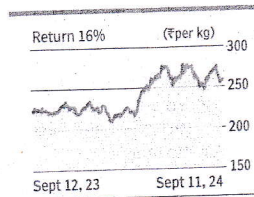
Zinc futures look bearish; go short below ₹253

Gurumurthy K
bl research bureau

Zinc prices have come down sharply over the last one week. The zinc futures contract on the MCX has tumbled about 4 per cent from around ₹267.50 per kg last week to the current levels of ₹257 per kg.

COMMODITY CALL

This was contrary to our expectation to see a rise towards ₹282. That bullish view had gone wrong. The short-term trend is down, and it is strong. Immediate resistance is at ₹260. Above that ₹265 is the higher resistance. Support is around ₹253 which is holding as of now. As long as the contract trades above ₹253, the chances are high to see a corrective bounce to ₹260 or ₹265. However, the



broader bias will remain negative. We can expect fresh sellers coming into the market and limit the upside. A reversal either from ₹260 itself or ₹265 can drag the Futures contract below the support at ₹253. That can take the contract down to ₹247 or ₹244 going forward.

To negate this fall, the contract has to rise past ₹265 decisively. Traders can go short below ₹253. Keep the stop-loss at ₹256. Trail the stop-loss down to ₹251 as soon as the contract falls to ₹249. Move the stop-loss further down to ₹249 when the contract touches ₹247. Exit the shorts at ₹245.