

Go long if zinc breaks out of ₹332, stop-loss at ₹327

Akhil Nallamuthu

bl.research bureau

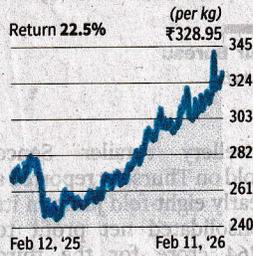
Zinc futures have seen some recovery over the past week. The February futures is now trading at ₹330 (per kg).

The price action of the contract since the beginning of February shows that it has developed some bullish bias after a brief period of consolidation.

COMMODITY CALL.

The chart shows that February futures has been forming lower highs over the past two weeks. But it is now facing resistance at ₹332.

A breakout of ₹332 could trigger a quick upswing to the ₹345-350 price region. But if zinc falls from the current level and slips below the support at ₹325, the bears could gain traction. A breach of ₹325 could open the door



for a decline to ₹318.

So, overall, the broader trend has been bullish and after a pause, the price action indicates that the bulls are gaining traction. But since there is a resistance ahead, traders ought to wait before pulling the trigger.

TRADE STRATEGY

Buy zinc if it breaks out of ₹332. Target and stop-loss can be ₹345 and ₹327, respectively. After initiating the trade, when the contract touches ₹340, revise the stop-loss to ₹332 so that the trade is protected.