

Zinc futures: Room to extend the corrective rally

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Zinc futures on the Multi Commodity Exchange (MCX) moved above a minor resistance at ₹212 last week. This has opened the room for the contract to extend the corrective rally, which began last week, after taking support at ₹205.

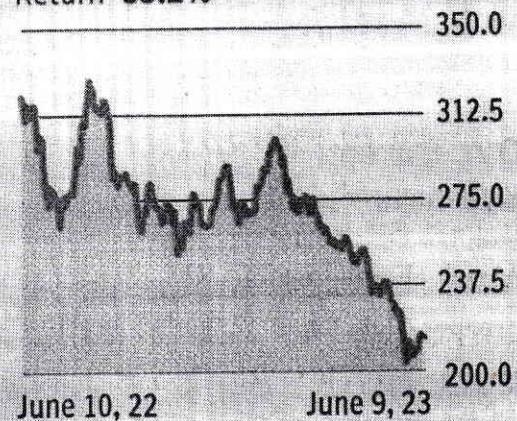
On the upside, the contract could appreciate to ₹232 – its 50-day moving average – in the near-term. A breach of this level can turn the medium-term trend bullish, where the price could rise to ₹260.

TRADE STRATEGY

But if the contract falls from here, it could find support in the price band of ₹200-205. Subsequent support levels are at ₹180 and ₹170. However, note that the broader trend remains bearish, calling for caution. Despite the

Return -33.2%

₹ per kg



overall bear trend, we suggested going long two weeks ago, since the support band of ₹200-205 has held true. The long was recommended at ₹212, with stop-loss at ₹200.

After we advised the buy trade, the contract softened to ₹205 and has now rebounded to ₹214, rallying past ₹212. Since chances for the extension of this upmove appear high, traders can hold this trade. Going ahead, when the price touches ₹228, tighten the stop-loss at ₹222. Book profits at ₹232. Note that the target has been revised down from ₹235.