

Go short in zinc at ₹220

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Zinc futures (December contract) on the Multi Commodity Exchange (MCX) have declined since mid-November. It started to fall after facing resistance at ₹235. Last week, the contract broke below the support level at ₹220. Early this week, zinc futures marked a low of ₹214.95 but recovered to close at ₹217.15 on Monday.

COMMODITY

CALL.

The bounce in price is likely to be a corrective one. The near-term trend will only change positively only if the bulls lift zinc futures above ₹225, where the 20- and 50-day moving averages coincide.

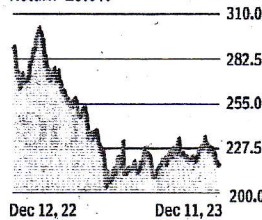
Given the prevailing price action, we anticipate the contract to move up to ₹220 and resume the fall.

In such a case, zinc fu-

MCX Zinc

Return -25.0%

₹ per kg



We anticipate the contract to move up to ₹220 and resume the fall.

In such a case, zinc futures could decline to ₹212

₹212, a support.

TRADE STRATEGY

Short zinc futures at ₹220. Target and stop-loss can be at ₹212 and ₹223, respectively. As a risk management measure, tighten the stop-loss to ₹218 when the price slips below ₹215.