

Retain long position in zinc

Akhil Nallamuthu

bl. research bureau

Zinc futures on the Multi Commodity Exchange (MCX) have been declining since early February.

COMMODITY CALL.

It started to decline after facing resistance at ₹300. However, the contract, currently trading at ₹262, near a strong support at ₹260.

Notably, zinc futures contract has rebounded off the support at ₹260, several times since September 2021.

PRICES MAY RISE

Therefore, we expect the bulls to capitalise on this base to gain traction and push the prices up.

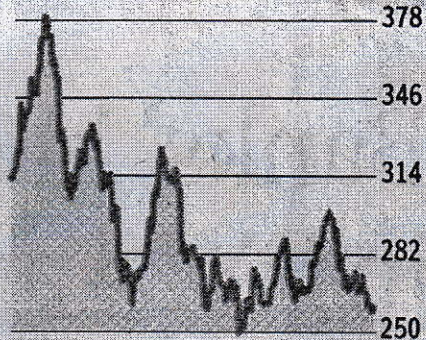
In such a case, the contract might rally to ₹277 in a couple of weeks. A breach of this can lift the contract to ₹300.

However, if the contract falls below ₹260, the outlook will turn bearish where we might see a decline to ₹242, a notable support.

MCX Zinc

Return -16.8%

₹ / kg



Mar 14, 22

Mar 13, 23

Subsequent support is at ₹225.

TRADE STRATEGY

Last week, when the contract was trading at ₹268, we suggested traders to stay away and initiate longs if only the price drops to ₹260.

Those who have taken this position can retain it. Stop-loss is at ₹245.

When the contract moves above the minor hurdle at ₹277, revise the stop-loss upwards to ₹270.

Further tighten the stop-loss to ₹278, when the price rises above ₹286. Book profits at ₹295.

Fresh longs can also be initiated with same target and stop-loss levels as mentioned above.