

Go short in zinc futures, add more if rate rises

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Zinc futures (January contract) on the Multi Commodity Exchange (MCX) have been on a decline since the beginning of this month. It faced a barrier at ₹234 and on the back of this, the price moderated. Zinc futures closed at ₹225.6 on Monday.

COMMODITY CALL.

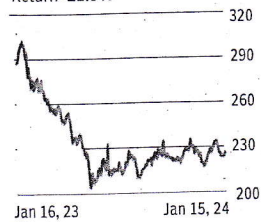
The long-term chart of zinc continuous futures shows that the price band of ₹228-234 is a supply zone. That is, this is a resistance band and the price has dropped off this level in the past. So, until zinc futures rise past ₹234, the bias will be bearish.

Currently hovering around ₹225, the probability of a fall from here is high. While ₹222

MCX Zinc

Return -21.3%

₹ per kg



can provide some support, we expect zinc futures to slip below this level and touch ₹217 in the short run. On the other hand, a breakout of ₹234 can lead to a rally to ₹250.

TRADE STRATEGY

At this juncture, zinc futures are trading below a resistance band. So, traders can short the contract now at ₹225. Add shorts if the price inches up to ₹230. Place stop-loss at ₹235.

When the contract declines below ₹222, tighten the stop-loss to ₹228. Liquidate the shorts at ₹217.