

Go long on zinc at ₹273

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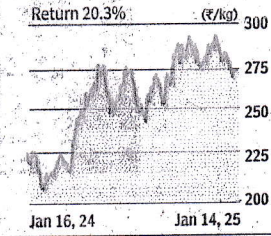
bl: research bureau

Zinc futures have been consolidating for nearly two weeks. The January futures have oscillated between ₹268 and ₹276. Prior to the recent sideways trend, the price was on a decline since mid-December. Ideally, the next leg of the trend depends on which direction zinc futures move out of the ₹268-₹276 range.

COMMODITY CALL

That said, the long-term chart of zinc futures shows that ₹270 is a strong base, holding well since September. Although the contract made a low of ₹268, the price action indicates that the breach is not decisive, and the support at ₹270 is still relevant.

We expect the bulls to gain



traction on the back of this support, potentially leading to a fresh leg of rally. This upswing can lift the contract to ₹293. Notable resistance above ₹293 are at ₹315 and ₹340.

On the other hand, if zinc futures decline and breach the support at ₹270, the price could slip to ₹250, a support. Subsequent support is at ₹220.

TRADE STRATEGY

Go long now at ₹273 and place a stop-loss at ₹265. When the contract rises to ₹288, revise the stop-loss to ₹282. Book profits at ₹293.