

Zinc: Stay out for now, go short on break below ₹254

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Zinc futures have been on a decline over the past few sessions.

Currently trading around ₹255/kg, the contract fell off the resistance at ₹262.

The contract is now approaching a support at ₹254, where a trendline support coincides.

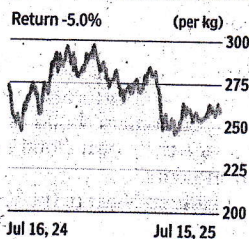
COMMODITY CALL.

If this support holds and zinc futures rebound on the back of this, it could rise to retest ₹262.

Note that the contract has fallen off ₹262 twice over the last month, indicating that this is a strong barrier.

Only a breakout of this can turn the outlook positive. Resistance above ₹262 is at ₹272.

That said, if zinc futures breach the support at ₹254,



the near-term outlook could turn weak. Notable supports below ₹254 are at ₹246 and ₹243.

Overall, the price action shows that the contract is now stuck between the key levels at ₹254 and ₹262.

There is a chance for the contract to consolidate between these two levels for some time before establishing a trend.

TRADE STRATEGY

Stay out for now as there is a support ahead.

In case zinc futures (July) break below ₹254, go short with a stop-loss at ₹258. Book profits at ₹246.