

Zinc: Go long if futures dip to ₹232, stop-loss at ₹225

Akhil Nallamuthu
bl. research bureau

Zinc futures on the Multi Commodity Exchange (MCX) broke out of a range and marked a 52-week high of ₹251.2 last Friday.

The breakout of the range of ₹205-230 has turned the short-term outlook positive and so, we are likely to see further rally.

COMMODITY CALL.

That said, zinc futures is likely to decline and retest ₹230 before witnessing the next leg of uptrend. At the resistance-turned-support level of ₹230, the 20-day moving average coincides. So, a decline below ₹230 is less likely.

We expect zinc futures

Return -2.6%

₹ / kg

260

245

230

215

200

Apr 17, 23

Apr 15, 24

Apr 17, 23

Apr 15, 24

to see a dip to ₹230 and then rally to ₹265. On the other hand, if the contract falls below ₹230, the bias can turn bearish, potentially leading to a fall to ₹205.

Stay on the fence for now and go long when zinc futures dip to ₹232. Place initial stop-loss at ₹225.

When the contract rallies past ₹250, raise the stop-loss to ₹238. Further tighten the stop-loss to ₹248 when the price touches ₹255. Book profits at ₹265.