

# Zinc futures: Go short if they drop below ₹242

## COMMODITY CALL.

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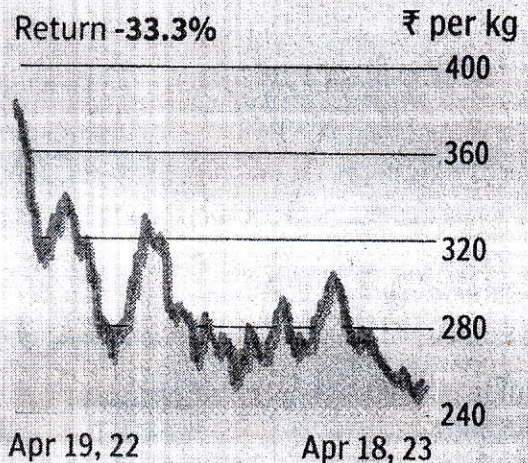
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The price of zinc has been falling since the final week of January — the continuous futures contract of zinc on the Multi Commodity Exchange (MCX) started to decline after facing resistance at ₹300.

The fall extended and by the end of March, the contract had dropped below an important support band of ₹258-262.

Currently, it is hovering around ₹252, and the price action indicates further decline. While the nearest support can be spotted at ₹242, there is a good chance for zinc futures to slip below this level. Subsequent support is at ₹225, a strong one, against which the contract can rebound.

For the zinc futures to turn



the trend bullish, they should decisively breach the barrier at ₹262. If this occurs, we might see a quick rally towards ₹285. Nevertheless, at this juncture, the bias is bearish.

Since there is a support at ₹242, risk-averse traders can wait for now and go short once zinc futures breach this support. Target and stop-loss can be at ₹225 and ₹250, respectively. Traders with higher risk appetite can consider going short now, at around ₹252 with an initial stop-loss at ₹262. When it falls below ₹242, alter the stop-loss to ₹250. Book profits at ₹225.