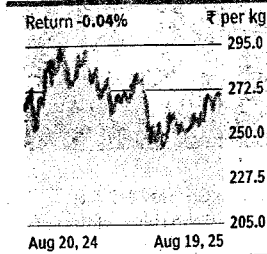


Go short on zinc futures



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Zinc prices have begun to decline this week. The contract traded on the Multi-Commodity Exchange has declined over 2 per cent so far this week and is currently trading at ₹264.50 per kg.

The fall this week has taken the price below ₹266, a key support level. This has turned the near-term outlook negative.

The region between ₹266 and ₹267 will now serve as a good resistance level. The contract could fall to ₹260-259, the next support zone, in a week or so.

The price action in the ₹260-259 region will require close monitoring then. If the contract manages to bounce back from this support zone, a rise back to ₹265-266 is possible.

However, a break below ₹259 could lead to an extended fall to ₹256.

For now, allow the price to fall to ₹260-₹259, and then observe the price action to see what happens.

TRADE STRATEGY

Traders can go short now at ₹264.50 and add more shorts on a rise to ₹265.50. Keep the stop-loss at ₹268.

Trail the stop-loss down to ₹264 as soon as the contract falls to ₹263. Move the stop-loss further down to ₹262 and ₹261 when the price touches ₹261 and ₹260 respectively.

Exit the shorts at ₹259.