

MCX zinc: Go short now

COMMODITY CALL.

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Zinc prices have come down sharply over the last one week. The zinc futures contract on the Multi Commodity Exchange (MCX) made a high of ₹292.55 per kg last week and has come-off sharply from there. From the last week's high, it is currently trading at ₹273.5 kg, down over 6 per cent.

The sharp fall has dragged the MCX Zinc Futures contract below the key support at ₹275. This level of ₹275 will now act as a strong support-turned-resistance.

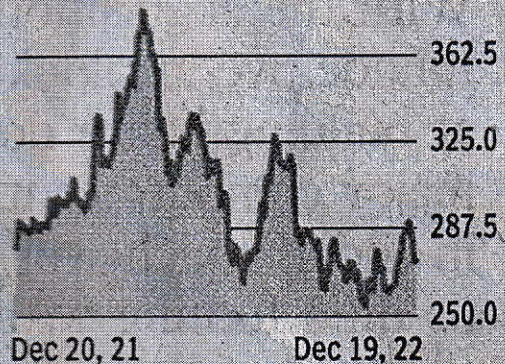
As long as the contract trades below ₹275, the near-term outlook is bearish and can fall to ₹268 or even up to ₹265-263 over the next one-two weeks. Thereafter a fresh rise is possible.

A sustained rise past ₹275 is

MCX Zinc

Return -2.02%

₹ per kg
400.0



needed to avoid fall to ₹268 and even lower levels. Only such a rise will ease the downside pressure and open doors to revisit ₹287-290 levels. But that looks less probable.

TRADING STRATEGY

Traders with high-risk appetite can go short at current levels and accumulate shorts at ₹274.5. Keep the stop-loss at ₹278. Trail the stop-loss down to ₹272 as soon as the contract falls to ₹270. Move the stop-loss further down to ₹269 when the MCX Zinc touches ₹267 on the downside. Book profits at ₹266.