

Initiate fresh shorts on zinc

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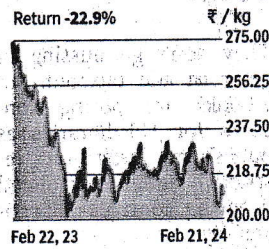
Zinc futures (February contract) on the Multi Commodity Exchange (MCX) bounced off the support at ₹204 last week. It marked a high of ₹216.5 on Monday and has softened from there to close at ₹213.4 on Wednesday.

COMMODITY CALL.

The chart shows that ₹216 is acting as a resistance, where the 20-day moving average (DMA) coincides. As it stands, a rally past ₹216 is less likely.

Even though there could be a bullish trend reversal, we expect it to happen after zinc futures retest ₹205 from the current level and then establish the uptrend.

So, there is an opportunity to go short at the current level.



That said, if zinc futures break out of ₹216 without a decline to ₹205, it can extend the upswing to ₹222, where the 50-DMA currently lies. Resistance above ₹222 is at ₹230.

TRADE STRATEGY

Liquidate the longs that we suggested ₹209 last week now at around ₹213. Then, initiate fresh short on zinc futures at the current level. Add shorts in case the price moves up to ₹215. Place stop-loss at ₹218.

When the contract slips below ₹210, tighten the stop-loss to ₹213. Book profits at ₹205.