

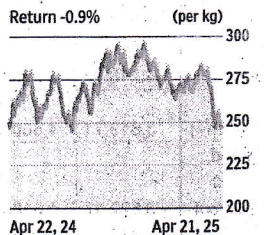
Buy zinc futures at ₹246 with a stop-loss at ₹240

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Zinc futures have been declining over the past month. On Monday, it closed at ₹247.17/kg. While there was an attempt for a rally a couple of weeks ago, it did not sustain, and bears pulled the price back down.

COMMODITY CALL

However, the chart shows that zinc futures have formed a base at ₹246. This is the level against which the contract rebounded in the second week of April, and even though the price dropped in recent sessions, the contract is managing to stay above ₹246. Note that the trendline also coincides with ₹246, and there is another support at ₹242. So, the price band of ₹242-246 can



offer good support for zinc futures. If the contract recovers on the back of this base, it can rise to ₹260. A breakout of this can lead to a rally to ₹266. On the other hand, if zinc futures breach the support at ₹242, there could be another leg of a downtrend, potentially dragging the contract to ₹230 and ₹220.

TRADE STRATEGY

Since the contract is hovering over a base, the risk-reward ratio is in favour of long positions. So, buy zinc futures at ₹246 with a stop-loss at ₹240. Book profits at ₹260.