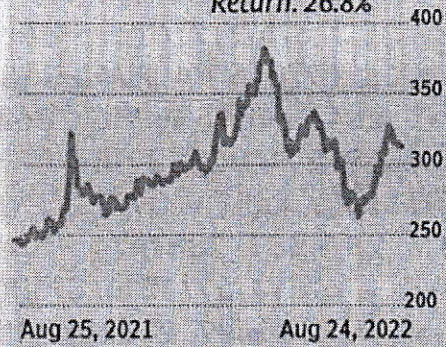


Go short in zinc futures

MCX-Zinc

(per kg)

Return: 26.8%



COMMODITY CALL

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The continuous zinc futures on the MCX, which has been rallying since mid-July, faced resistance at ₹340 and has fallen to ₹317. The price band of ₹330-340 is a strong barrier to be breached and there is a possibility of it declining further. Supporting the bearish bias, the contract has formed an inverted hammer candlestick pattern - a bearish reversal - on the weekly chart. We, therefore, expect the contract to fall from here. While ₹300 can be a minor support, the zinc futures might drop below this level and decline to the support band of ₹292-286.

On the other hand, if the contract manages to break out of the resistance at ₹340, it can rally to ₹360, and then possibly to ₹380. Traders can consider fresh short positions at ₹317 and add more shorts if the price rises to ₹330. Place the initial stop-loss at ₹350. When the price touches ₹300, revise the stop-loss down to ₹315. Exit all the shorts at ₹292.