

Go long on zinc futures

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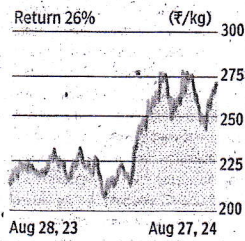
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Zinc prices continue to move up more line with our expectation. The zinc futures contract on the Multi Commodity Exchange (MCX) has been moving up consistently for more than three weeks now. It has surged over 11 per cent from the low of around ₹242.7 per kg. The contract is currently trading at ₹270.

COMMODITY CALL.

The uptrend is intact. The contract is currently getting support around ₹264. Immediate resistance is in the ₹273.50-₹274.50 region. As long as the contract trades above ₹264, the bullish outlook is likely to remain intact.

So, the chances are high for the contract to breach ₹274.50 in the coming days. Such a break can take the price up to ₹276 initially. A further break



above ₹276 will see the contract rallying towards ₹284 in the coming weeks.

This bullish view will get negated only if the price declines below ₹264. Such a break, though less likely, can drag the contract down to ₹260 and even lower.

TRADE STRATEGY

Traders can go long now at ₹270. Accumulate on dips at ₹266. Keep the stop-loss at ₹262. Trail the stop-loss up to ₹273 as soon as the contract goes up to ₹276. Move the stop-loss further up to ₹277 when the price touches ₹280. Exit the long positions at ₹282.

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