

COMMODITY

CALL.

Hold the short positions in zinc

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Zinc prices have been struggling to rise. The Zinc futures contract traded on the Multi Commodity Exchange (MCX) continues to face strong resistance in the ₹225-226 per kg region.

The contract made a high of ₹226.60 on Tuesday. It is currently trading at ₹221.

OUTLOOK

Failure to breach the ₹225-226 resistance zone continues to keep the bias negative. Intermediate support is at ₹217.

The chances for the contract to break this support in the coming days are high. Such a break can drag the Zinc futures contract lower to ₹210 in the short-term.

To avoid the fall, the contract has to sustain above ₹217. Subsequently, a strong rise past ₹226 is also needed to gain bullish momentum.

Only then will the Zinc futures contract rise to ₹230-232.

The big picture shows the region around ₹210 is a strong support. As such, the expected fall can halt around ₹210. The contract could reverse higher again from around ₹210, and rise towards ₹215-220 again.

TRADE STRATEGY

We had suggested taking short positions in Zinc futures earlier. The average holding rate is ₹223.

We suggest holding the short position and following the same strategy.

Retain the stop-loss at ₹230. Revise the stop-loss lower to ₹220 when the price falls to ₹215. Exit the short positions at ₹210.