

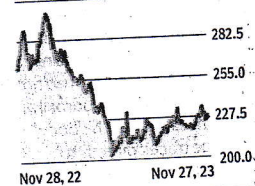
COMMODITY CALL.

Zinc futures: Risk-reward in favour of bears

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MCX Zinc

Return -14.3% ₹ per kg



Zinc futures (continuous contract) on the Multi Commodity Exchange (MCX) has seen its price moderate over the past few sessions. The contract declined after facing resistance in the ₹230-232 price region.

The price action on the weekly chart shows that zinc futures is now trading near a strong resistance and the probability of a fall from the current level is high.

The December expiry zinc futures closed at ₹226.35 on Monday. While ₹225 is a minor support, the contract could soften to ₹217 in the short-term. We are likely to see a bounce off ₹217.

On the other hand, if December futures starts moving northwards, there are resistances at ₹231 and ₹235. A breakout of the latter can be the onset of an up-swing towards ₹250. But note that ₹242 can be a hurdle.

TRADE STRATEGY

Going by the prevailing conditions, the risk-reward ratio is in favour of the bears. So, traders can short December zinc futures now at around ₹226 and short again if the price rises to ₹230. Place stop-loss at ₹235.

When the contract falls to ₹220, tighten the stop-loss to ₹223. Book profits at ₹217.