Zinc: Buy June expiry futures at current level



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Zinc futures on the Multi Commodity Exchange (MCX) fell sharply last week as well. The continuous contract of the metal made a fresh low of ₹201.65 last Thursday, before closing the week at ₹209.3.

While the overall trend remains bearish, there is a strong support band between ₹200 and ₹204. While this does not guarantee a bullish trend reversal, the contract could bank on this support to perform a corrective

COMMODITY CALL

rally, possibly towards the ₹230-240 region. A breakout of ₹240 can turn the near-term outlook positive. Resistance above ₹240 is at ₹250.

On the other hand, if the contract slips below the support at ₹200, it will open the door for another leg of downtrend, which can drag the contract to ₹180 - a support. Subsequent support is at ₹170.Nevertheless, as mentioned above, zinc futures could see a corrective rally, providing us a trading opportunity. However, note that this is a high-risk trade as the broader trend stays bearish and the upside potential appears limited.

TRADE STRATEGY

Since the May contract is nearing expiry, traders can consider June futures for trading. Buy June expiry zinc futures at the current level of ₹212. Considering that the contract made a low of ₹204.15 last week, apt stoploss can be at ₹200.

When the price touches ₹228, tighten the stop-loss to ₹222. Book profits at ₹235.