

# Zinc futures: Add shorts

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Zinc prices have been decreasing since mid-June, indicating that the bounce observed from the last week of May was nothing more than a corrective rise. In fact, the current down move indicates the resumption of the broader downtrend.

## COMMODITY CALL.

The Zinc Futures contract (July) on the MCX made a high of ₹224.95 per kg in the second week of June. It is currently at ₹213.55 per kg.

The short-term outlook is bearish. Immediate resistance is in the ₹215-

215.50 region. The 21-Day Moving Average (DMA) resistance is poised to be in this region. Above that ₹218 and ₹22 are the next strong resistances that can cap the upside. The chances are high for the contract to sustain below ₹218. We expect the Zinc Futures (July) contract to fall to ₹205-200 again.

A break below ₹200 will increase the selling pressure. Such a break can drag the contract down to ₹195-193 in few weeks.

Traders can take fresh short positions now. Accumulate shorts at ₹215 and ₹217. Keep the stop-loss at ₹221. Trail the stop-loss down to ₹211 as soon as the contract falls to ₹208. Move the stop-loss further lower to ₹206 when Zinc Futures contract falls to ₹204. Exit the short positions at ₹202.