

## Zinc - BUY

**CMP: Rs 133.50 (As on 04<sup>th</sup> Jul)**

**Buy on dips: Rs 130.50-130**

**Target: Rs 138-150**

**Stop Loss: Below Rs 126**

Zinc prices touched their highest (nearly \$2,220-2,250) in 16 months on 3<sup>rd</sup> July 2014 in LME after recent data showed a rising market deficit and we expect that the figure could grow further as major mines are shut down. We are decidedly positive in our outlook for zinc prices as substantial deficit in zinc inventories to the tune of 4,76,000 tons is expected for the year 2014. However, the emergence of financial scandal in China may put some pressure on demand side and can restrict zinc prices to come up.



Technically, we have seen massive buying in zinc at the breakout levels of recent symmetrical triangle pattern in the weekly chart. In the last week, long white candle stick is witnessed showing bullishness for the coming week also. As of now, we expect a correction in the MCX Zinc Future contract prices till 130-130.50 levels while the resistance levels on the upside are at 138 and 152. The best strategy would be to buy on dips of Rs 130.50-130 for the target of Rs 138 and then Rs 150 with stop loss below Rs 126 for medium to long term.

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