

ZINC



News & Development

Global Zinc futures traded bullish in the month of May owing to rising industrial demand in the European Union, China and United States. Although there were some hiccups in the second half of May due to global rise in covid-19 cases; especially in the Asian countries and China's price control, but then prices remained steady due to easing bond yields and falling dollar index. Improved economic data in the western countries and short term scrap buying in the China's base metal markets especially steel sector has improved the sentiments for incline in production during the coming months. This has dramatically strengthened on all base metal prices trading in MCX and LME exchange.

Fundamentally for the month ahead, we expect Global and MCX Zinc futures to trade bullish after the reports of recovering economic data in the Asian markets and United States. This is expected to increase the demand in the international markets as mining work and refined metal production is expected to rise. Moreover, the US Dollar Index could find further weakness that can increase Zinc imports in the global markets. Furthermore, European countries are slowly opening up from the lockdown situation with Indian market facing easing second phase of covid-19 situation. As per ILZSG, global zinc metal production for Mar'21 is reported to have risen to 1159.5 thousand tonnes, higher compared to 1143.4 thousand tonnes of the preceding month. In the case of metal usage of Zinc, it has been reported to be higher at 1157.4 thousand tonnes for Mar'21, compared with 1162.9 thousand tonnes reported during Feb'21. Although earlier months have forecasted decline in production with the fall in demand/usage of metals and ores. But then, we are also forecasting demand to remain strong especially in China and other Asian countries with positive economic reports. Expectancy for higher demand of steel for E-Vehicles to support prices as well.



On a weekly chart, MCX Zinc (June) future has been rising continuously in the **Bullish Channel** from the last couple of weeks. In addition, the price has also taken support of prior supply which indicates positive strength in the near future. Moreover, the price has also been trading above the 21 **Exponential Moving Averages & Ichimoku Cloud**, which suggests bullish strength. Furthermore, an oscillator Stochastic RSI suggested positive crossover, which is again an upside confirmation. In addition, on the daily chart, the price has also taken support of the 21 Exponential Moving Averages with **Hammer** candlesticks, which confirms the continued bullish trend. **Hence, based on the above-mentioned technical structure, one can initiate a long position in MCX Zinc (June) future at CMP 236 or a fall in the price till 234 levels; can be used as a buying opportunity for the upside target of 250. However, the bullish view will be negated if MCX Zinc (June) future closes below the support level of 228.**