

Market Outlook

FOR PRIVATE CIRCULATION ONLY

29 October 2008



Nifty Futures (Front month series):(2689.9)

There was optimism in the Diwali session or the Muhurat session. Markets opened gap up and closed on an optimistic note in the one hour of special trading. Nifty futures opened the day with a bullish gap and closed the day with a gain of 172.4 points. Most of the sectors closed the day with big gains. As per the provisional data, FII continued to press sales on the bourses and DII were buyers. The global markets have also closed the day in the positive. US markets surged by 9-10.88% as short covering and bargain hunters pushed up the markets. The Banks have been asked to start lending again and Fed is considering another rate reduction to give a push to the economy. Anticipating an announcement on Wednesday, investors staged the rally. Asian stock has gained amidst speculation that Japan will cut interest rate and China will take steps to boost the economy. Most of the European markets closed in the green. Given this scenario our markets are likely to open in the positive too since the closing on the last day was around the high of the session. Technically, Nifty future formed a hammerline on Monday which signals an important bottom formation and a revival from those levels, at least in the short term. Its immediate resistance will be in the 2700, 2750 region. 2800-2820 will be the major hurdle that the bulls will have to contend with on upswings and it must sustain decisively above that region for strength and above 2900 for bullish signal. On the lower side some support may be expected in the 2660 region and below that at 2600. There is a gap between 2572.2 and 2640 and these two levels also assume importance as supports. A breach of 2550 at this juncture will, however be bearish and a retest of the lower supports may then take place. We may expect range bound movement and some consolidation only once the decline is arrested and fresh lows are no longer posted on declines. Markets are likely to open weak on positive note on strong global cues may then chart its own course as the day progresses. Volatility may remain high so make the best of it.

Resistance: 2675, 2700, 2750, 2800- 2820, 2900, 2945, 2990-3000

Support: 2660, 2640, 2572, 2500, 2440, 2400, 2345, 2300, 2200

Satyam comp (299.4): Buy on dips with a stop below a decisive breach of 289 for a target of 306, 313, 315, 319-324. .

Resistance: 300, 306, 313, 315, 319-324

Support: 296, 290, 284, 280

ICICI Bank (335.5): Long position may be taken in this counter with a stop below a decisive breach of 324 for a target of 345, 360, 374 and an optimistic target of 390.

Resistance: 345, 350, 360, 374, 390, 400

Support: 333, 330, 325, 320, 325, 305

Note: All prices relate to NSE spot prices unless otherwise stated. Stop loss is a risk control mechanism and should always be there since it is a level which breached signals that the call has gone wrong and steps must be taken to put a stop to further loss. It also quantifies the risk.

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