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FOR PRIVATE CIRCULATION

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Weekly Technical Update

Equities

The week past and expected

According to the daily chart, the market has closed the weekly session in a tight range and failed to breach the previous week's high and low. Most of the time, such patterns act as explosives if they are able to surpass the immediate week's high (13750/3935) and low (13150/3765). Our advice is to trade aggressively if these levels are breached on either side.

According to the daily chart, the market has shifted to a new rising parallel channel, which the indices are forming after the fall of 1200 points on the Sensex and 400 points on the Nifty. Such patterns hint at bearish continuations. Also, the overall activity of the market is still contradictory and market participants are failing to arrive at any concrete decisions. Such puzzling activities mostly hint at corrective pattern of the market. One must be cautious rather than too confident while trading.

BSE SENSEX DAILY CHART



Strategy for the week

Even though the short-term patterns of the indices are cautious and weak the medium to long-term trend of the market is still positive. It seems we are currently facing a consolidation phase and each trade of the trader must be calculated and in control. However, medium-term and long-term players can accumulate value stocks at each proper decline patiently as the long-term targets of the market 15000 /4300 are still intact. Big investors become aggressive if the risk reward ratios turn favorable on their behalf.

The level of 13750/3950 seems to be a major hurdle for the market and trading above it may lift the indices to the levels of 13900/4000. Be cautious and reduce long positions below the levels of 13150/3765, as the unwinding of positional long positions from big traders is not ruled out.

Be stock specific rather than sector specific. Our top picks for the coming few weeks are as follows:

Adlab Films, Bajaj Auto, Century Textiles, Dr. Reddy's, Glenmark Pharma, India Cements, IPCL, Indiabulls, M&M, Reliance Communications, Reliance Capital, Satyam Computers, Tata Steel.

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