

EDELWEISS TECHNICAL REFLECTION

Through the looking glass

September 7, 2010

Nifty

Nifty opened on a higher note as was expected after positive global cues over the weekend. It soon blazed past the 'flag' pattern high of 5514, and was well on its course to achieve the pattern target. The momentum indicator was strongly bullish albeit overbought after the day's incessant rally. After a long time Nifty has seen a rally of 1.8%, indicative of the pent up demand that finally participated. All key momentum oscillators have now triggered a buy signal on the daily chart. The overall market breadth was strongly in favor of the bulls; and the Nifty breadth was at a robust 7:1. The short-term target for the Nifty is pegged at 5640-5650 where it would have most likely run its course for any further gains in the short-term. That level marks the target range for the 'flag' breakout, as well as the upper boundary line of an eleven month trend channel (see chart below), and will be met with strong supply. Immediate supports are at 5545-5518, where one can re-enter long positions for the upside target.

The day clearly belonged to the Metals space (+3.5%) that's lead today's rally on the index. It was closely followed by Banking and Realty. FMCG and Capital Goods were among the underperforming sectors. Reliance Inds (+2.9%) rallied strongly on the back of god volume activity, suggesting further upward traction on the stock. It is likely to test 965-975 in the short-term. Tata Steel has closed above the 200 DMA and is poised for a target of 600. **Bullish Setups:** Tata Steel, Mphasis, GVK Power, BRFL. **Bearish Setups:** Hero Honda, Sun Pharma.

Asian indices closed strongly on Monday, with fresh breakout in the Shanghai Composite Index. European indices were lackluster and on low volumes due to the holiday in US market. Movements in currency markets were thin, except the USD-INR that strengthened to 46.80; and nearing a crucial support (200 EDMA) at 46.59.

Interesting chart setups: **Mphasis, Tata Steel, GE Ship, HH, Sun Pharma**



Nifty Index

Bloomberg Code	NIFTY Index
Spot Price	5577
Resistance 1	5600
Resistance 2	5640
Support 1	5545
Support 2	5518
Nifty 20 SDMA	5468
Nifty 50 SDMA	5411
Nifty 200 SDMA	5185
Adv : Dec [NSE]	1065 : 325

Oscillators	Comments
RSI	Bullish
MACD	Bullish
Stochastic	Bullish (OB)
ADX & DMI	Bullish & Non Trending

*OB-Overbought
OS-Oversold

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New Initiations:

Date of Initiation	Blg Ticker	Scrip	Reco	Entry Price	CMP	Target	SL	Gain / Loss	Remark
6-Sep-10	MPHL	Mphasis	Buy	646	650.35	700	611	0.67%	

Open Calls:

Date of Initiation	Blg Ticker	Scrip	Reco	Entry Price	CMP	Target	SL	Gain / Loss	Remark
5-Aug-10	KBL	Karnataka Bank	Buy	172	178.3	189	165	3.66%	
5-Aug-10	GESCO	GE Shipping	Buy	310	315.65	348	295	1.82%	
6-Aug-10	FORH	Fortis Healthcare	Buy	158	161.5	180	151	2.22%	
20-Aug-10	BRCM	Balrampur Chini	Buy	85.15	86.4	100	81	1.47%	
26-Aug-10	UT	Unitech	Sell	80.7	83.5	72.5	84.5	-3.35%	
1-Sep-10	TATA	Tata Steel	Buy	535.35	575.6	590	514	7.52%	

Closed Calls:

Date of Initiation	Blg Ticker	Scrip	Reco	Entry Price	Closing Price	Target	SL	% Gain / Loss	Remark
31-Aug-10	BJAUT	Bajaj Auto	Sell	2741.35	2829.85	2500	2830	-3.13%	Stopped Out
23-Aug-10	NFCL	Nagarjuna Fertilizers	Buy	31.85	29.9	37	30	-6.12%	Stopped Out
18-Aug-10	GMRI	GMR Infrastructure	Buy	62.4	59.1	75	58.2	-5.29%	Stopped Out
20-Aug-10	DLFU	DLF	Buy	328.5	311.2	370	310	-5.27%	Exit
17-Aug-10	IIFL	India Infoline	Buy	106.25	97.8	122	98	-7.95%	Stopped Out

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Merger
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Spread Trade

Date	Special Report
15-Jul-09	Master Moves (Opportunities from Open offer, Buy back, delisting)
27-Jul-10	Edelweiss Vital Insights (Is this the inception of a new bull run?)
29-Jul-10	Edelweiss Style Analysis: What's hot
01-Mar-10	Enhanced Nifty: Nifty with an edge

Date	Monthly Report
23-Aug-10	Rollover Analysis
04-Aug-10	hEDGE: The alternative insights monthly
11-Aug-10	FA: Factor Analyser
16-Aug-10	Edelweiss Fund Insight – EFI

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