

Technical Analysis

Stock of the Week

A B Nuvo: Rs869

Trend : Positive

Period 3 - 4 months

Target : Rs1050 - 1075

Breather...

India Outlook

Equity indices: The Nifty has had a trendless week. During the week it has broken below its short term support levels, indicating that a short term correction may have begun. While it is difficult to pinpoint levels for the trend at this point, we expect the correction to last for some weeks. The medium term technicals remain intact. As such, post the correction, Nifty can be expected to resume its uptrend. But for now, it is time for the trend to take a breather. On the overall trend, we remain positive. Lower levels can be used for buying stocks.

Key Indices

Index	Close	WoW change	Short-term outlook	Key support	Key resistance
BSE Sensex	20250	-0.9%	Neutral	19800	20600
NIFTY	6103	-0.6%	Neutral	5925	6250
CNX Defty	4766	-0.2%	Neutral	4600	4925
BSE CG	16249	-1.1%	Neutral	15700	16800
BSE Bankex	14185	-0.6%	Neutral	13700	14450

Global Outlook

Commodities: Metals have risen consistently in the recent past. This trend is now showing signs of fatigue and may commence a correction. It is currently a wait and watch time for metals. Bullion too is looking technically stretched. Prices have slipped recently and a correction may be on the cards. The uptrend in crude too is fatigued and a move to \$77 can be expected.

Currencies: The USD/INR has shown sustained weakness. This is in line with our view and it can reach the 44 mark. The Euro retains a positive bias and has crossed our target of 1.38. The USD/JPY can decline further. The overall trend in the DXY remains weak.

Global equity indices: Trends of key indices are given below.

Country	Index	Closing	Key comments
USA	S&P500	1158	Can rise
CHINA	Shanghai	2739	Positive medium term trend
HONG KONG	Hang Seng	22944	Looks overbought
Japan	Nikkei	9588	Consolidating
MS Emerging Mkt	MSCI	1103	Looks overbought

Index Watch

NIFTY (6103)

Gain/Loss over the week: down 40 points (-0.6%)

Outlook for next week: Neutral

Our tools: We have used a daily bar chart along with momentum

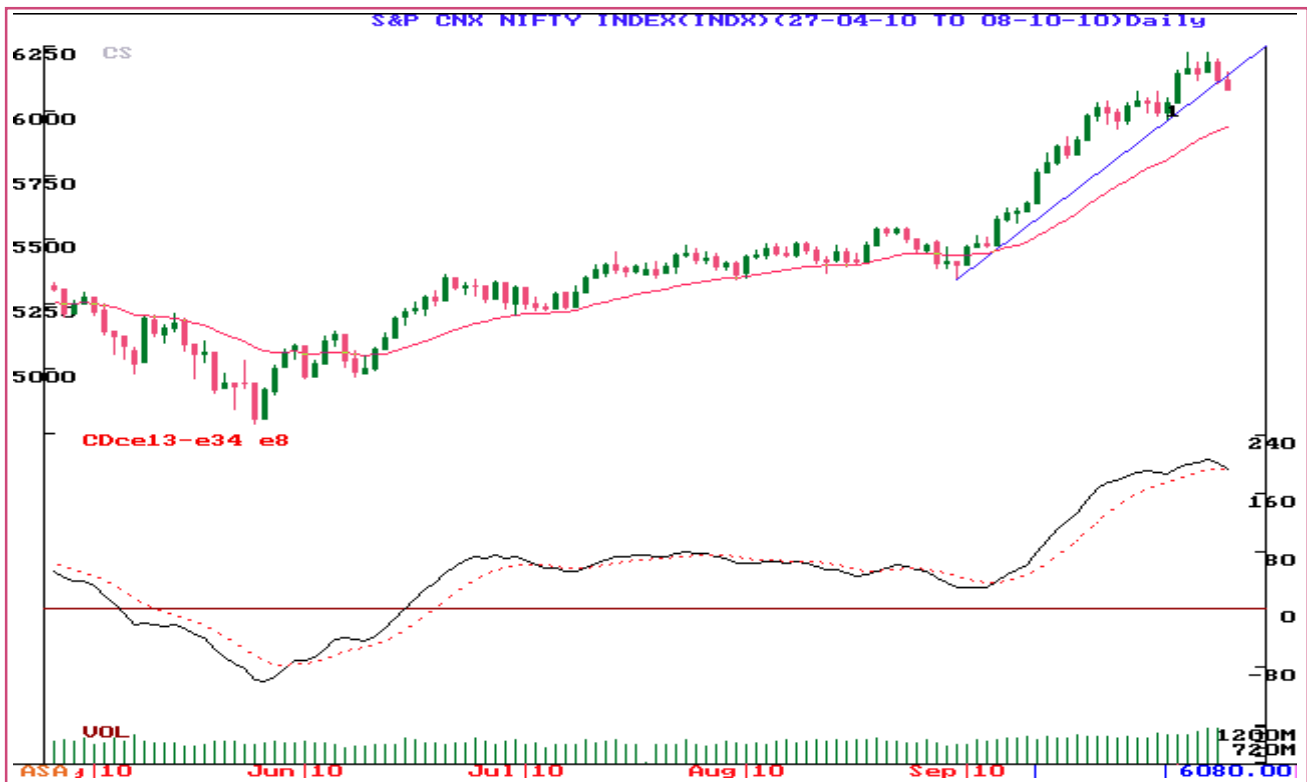
Support	6050	6000	5925
Resistance	6150	6225	6250

Index has broken below its supporting trend line in the daily chart: The Nifty has broken below its supporting trendline in daily charts. This is a sign that the short term trend is turning weak and that a correction may have commenced.

Short / medium term momentum is weakening: The short / medium term momentum (MACD) has turned down and is about to move below its trigger line. This suggests that the uptrend is fatiguing and that a short / medium term correction can take place.

Outlook: The short term trend in the Nifty is weakening. Technicals are pointing to the possibility that the uptrend which began at the level of 5350 could now go into correction. It is difficult to pin point a target for the move at present, but a correction can surely be expected now. We expect the correction to last into the next few weeks. Significant support is indicated at the 5950 level.

The medium / long term charts (not shown here) remain in a positive trend.



Index Watch

NSE Midcap (9404)

Gain/Loss over the week: up 80 points (+0.9%)

Outlook for next week: Positive

Our tools: We have used a weekly bar chart along with momentum

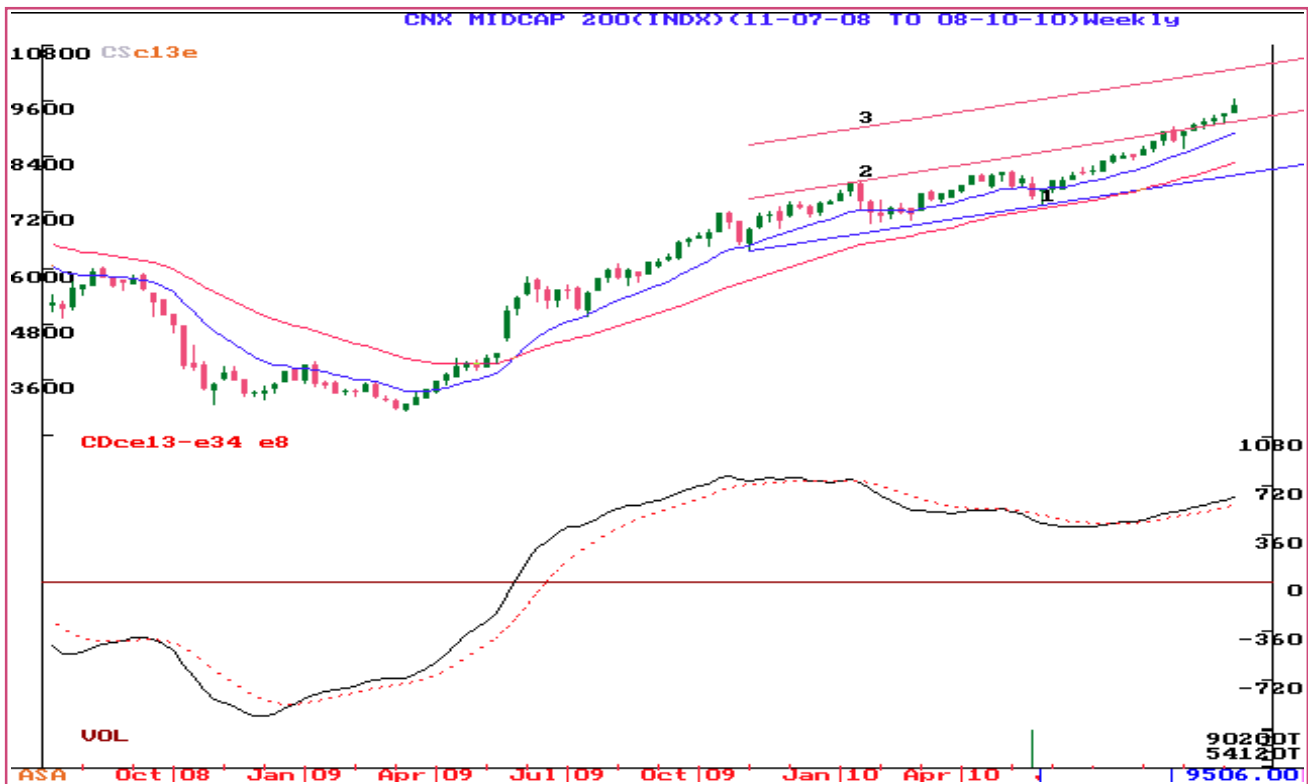
Trendchannel: The index has made a bullish break out from a rising trendchannel. This yields a target of 10150 for the NSE Mid Cap index. The potential for the index to reach this level has opened.

Moving Average cross over: The combination of short and medium term MAs used for tracking the trend in the weekly charts remain in a bullish cross over.

Momentum: The MACD indicator used here is moving up. It is in its positive zone which is a bullish sign. The indicator continues to read above its trigger line. To that extent, the medium term momentum remains positive.

Outlook: The Midcap index, in its weekly charts retains a firm bullish trend. Technically, this trend looks sustainable. It has made a bullish break out from the channel which yields a target of 10150 for the index. We see the uptrend continuing in this index.

Support	9350	9000	8850
Resistance	9600	9700	9900



A BIRLA NUVO

Price: CMP Rs869

Outlook: Positive over the medium term.

Target Price: Rs1050 - 1075 in 3- 4 months.

Moving Averages crossover: The combination of medium and long term Moving Averages used to track the trend in A B Nuvo are just beginning to make a bullish cross over. This suggests that the major trend in the stock is turning bullish.

Momentum gains upward bias: The medium / long term momentum (MACD) has started moving up. It has also moved above its trigger line which confirms a positive trend. The uptrend can be sustainable.

Recommendation: The momentum in the trend of A B Nuvo is gaining bullish strength. Technicals indicate that the uptrend can sustain in time. We expect the price to rise to Rs1050 - 1075 in the next 3 - 4 months.



CNX Defty (4766) down 10 points (-0.2%):

CNX Defty

CNX Defty		
Supports	4700	4600
Resistances	4800	4925

The Defty has reached our target of 4800. It has been moving up consistently for 5 weeks and we believe it is time for a correction. The technicals are suggesting a short halt. As such, expect a consolidation over the next few weeks.

BSE PSU (10499) up 23 points (+0.2%):

BSE PSU

BSE PSU		
Supports	10300	10000
Resistances	10700	11000

Medium term technicals of the PSU Index continue to be positive. However, a minor correction may occur in the near future and we would advise caution. The short term trend has fatigued and could correct.

BSE Bankex (14185) down 84 points (-0.6%):

BSE Bankex

BSE Bankex		
Supports	14000	13700
Resistances	14300	14450

The trend in the Bankex retains its bullish nature. Medium term indicators remain positive. A minor correction in the short term trend can be used to enter on the buy side.

BSE IT (6053) down 36 points (-0.6%):

BSE IT

BSE IT		
Supports	5950	5775
Resistances	6225	6325

The IT index broke out of its sideways range. Medium term signals have turned bullish. The short term trend may show a correction. We advise caution in the short term, while the overall trend remains positive.

BSE Cap Goods (16248) down 178 points (-1.1%):

BSE Cap Goods

BSE Cap Goods		
Supports	16000	15700
Resistances	16500	16800

The Cap Goods made a bullish break out from its trading band. The underlying medium term momentum in the trend is strong. It reached our target of 16500. Any short term correction can prove a good opportunity to buy.

BSE Auto (9701) down 52 points (-0.5%):

BSE Auto

BSE Auto		
Supports	9600	9400
Resistances	10000	10200

The Auto index remains in a positive trend. Its medium term indicators continue to be in a firm position. The short term trend is showing some signs of fatigue. As such, we advise caution in the short term.

Commodities

Aluminium (\$2325)

Aluminium		
Supports	2275	2200
Resistances	2375	2425

Aluminium price trend remains positive, but it could be nearing a correction. We are now cautious about the uptrend. It is a wait & watch with a bias to weakness.

Aluminium

Zinc (\$2261)

Zinc		
Supports	2200	2150
Resistances	2275	2325

Zinc prices reached \$2350 as we expected but have since retreated. While the overall trend is positive, the short term could see a consolidation or a correction in prices. It is a wait & watch.

Zinc

Copper (\$8100)

Copper		
Supports	8000	7800
Resistances	8125	8250

The price of Copper has crossed \$8250 as expected. The trend now looks stretched and may correct. It is a wait & watch with a negative bias.

Copper

Gold (\$1334)

Gold		
Supports	1300	1250
Resistances	1350	1380

Gold retains a bullish momentum and prices have risen further. However, the trend looks overbought and may now correct. Profits need to be booked. Short term bias is negative.

Gold

Silver (\$22.56)

Silver		
Supports	22.25	21.80
Resistances	23.00	23.25

The trend in Silver has moved strongly up, but is now showing signs of fatigue. We expect a correction in the near future and advise caution. Profits must be booked. Short term bias is negative.

Silver

Crude Oil (\$81.57)

Crude oil		
Supports	79.75	78.75
Resistances	82.25	83.00

Crude has moved up, but the trend is now showing signs of fatigue. A decline to \$77 can occur in the present circumstances. Our short term bias is negative.

Crude oil

Currencies

Dollar/Rupee (44.70)

Dollar/Rupee

Supports	44.50	44.25
Resistances	45.00	45.20

The USD/INR has fallen below 44.40 as we expected. The negative bias continues. A decline to 44 looks possible.

Dollar/Rupee

Euro/Dollar (1.3960)

Euro/Dollar

Supports	1.3900	1.3800
Resistances	1.4000	1.4040

The Euro continues to be firm. It has crossed 1.39 as we expected. It continues to have a positive momentum so far, but may slip into a correction soon.

Euro/Dollar

Dollar/Yen (82.25)

Dollar/Yen

Supports	82.00	81.00
Resistances	83.00	84.00

The USD/JPY continues its decline and has gained some negative momentum now. Further declines look possible from here.

Dollar/Yen

Dollar Index DXY (77.25)

Dollar Index - DXY

Supports	76.75	76.50
Resistances	77.75	78.75

The DXY continues to drag lower. The level of 78 failed to support and overall weakness is very distinct. A further slippage to 76 cannot be ruled out.

Dollar Index - DXY

Global Equities

S&P 500 (1158)

S & P 500

S&P 500

Supports	1140	1110
Resistances	1175	1200

The SP500 moved out of its narrow range. The momentum remains positive. Further upmoves can follow.

Brazil (69918)

BOVESPA

Brazil

Supports	69600	69000
Resistances	70000	70300

The Bovespa has slipped down and is likely to decline from here. It is in a broad sideways trend and we do not see a sustainable uptrend developing in Bovespa. It may decline to 66500.

China (2739)

Shanghai SE Composite

China

Supports	2700	2650
Resistances	2775	2800

The SSE is attempting a bullish break out from its trading range. We have been positive on the medium term trend and the present move is in line with this view. We remain positive on the SSE.

Hong Kong (22944)

Hang Seng

Hong Kong

Supports	22800	22500
Resistances	23250	23500

The HSI remains firm in line with our positive bias. It has reached 23000 as we expected. The positive trend is looking stretched as of now but there is no sign of weakness. It can move up further, but now, be cautious.

Japan (9588)

Nikkei

Japan

Supports	9550	9400
Resistances	9625	9700

The Nikkei has bounced, indicating a positive undercurrent. The recovery is likely to gather further momentum post consolidation.

United Kingdom (5662)

FTSE

United Kingdom

Supports	5600	5475
Resistances	5700	5740

The FTSE has begun inching up and could now explore higher levels. A target of 5800 can be achieved in this phase. The short term trend is positive.

MS Emerging Markets (1103)

MSCI - EMI

MS Emerging Markets

Supports	1080	1050
Resistances	1125	1150

The EMI rose further and reached 1110. However, the trend looks a bit stretched and may react from here. The overall trend so far, is positive, but we advise caution at these levels.

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