

Sensex negative, created an "Island Reversal"

29 March 2007

Pick of the Day

Scrip	Call	Range	SL	Target
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

Sensex - Daily

Resistance	12983	13090	13035
Support	12861	12725	12664

Nifty - Daily

Resistance	3790	3819	3839
Support	3737	3699	3679

Index - Trend

	Trend	SL	Target
Nifty Future	Negative	3807	3722-3686
CNX IT	Ranged	-	-
Bank Nifty	Ranged	-	-

Index

	Sensex	Nifty
Last Close	12884.34	3761.1
Net. Chg	-239.98	-58.85
%Chg	-1.83%	-1.54%
Vol. (Rs Cr)	4,192	8,363

Daily Chart: BSE SENSEX



Sensex negative, created an "Island Reversal"

It was indicated that 13073 to 12964 (Nifty 3775-3738) would act as a support due to the rising gap of the Sensex, in fact, the Sensex opened gap down creating an "Island Reversal" a bearish Japanese Candlestick pattern, the follow through trading session would be an important event to watch, to confirm the bearish out look of an "Island Reversal" pattern the Sensex should trade negative and give a negative close, on the other hand, the Sensex move above 13090 would negate the bearish outlook due to an "Island Reversal" pattern. The intraday chart for Sensex indicates a downside target of 12768 to 12635.

On the daily chart the trend is positive as the last fall from 13145 to 12316, in Sensex, has been retraced in lesser time period then it took to form. The Sensex fall from 13387 to 12861 has retraced 50% of its rise from 12316 to 13387, another crucial Fibonacci retracements level exist at 12725 which is the 61.8% retracements level of the Sensex rise from 12316 to 13387. Till 12725 is maintained, the recent downtrend in Sensex would be considered as a corrective move to the positive trend on the daily chart. At the higher levels 13035 to 13090 would act as a resistance due to the falling gap and 12861 and 12725 would be the supports for the Sensex.

At present one should wait and watch, a strong move above 13408 would lead to a target of 13519 and 13803(Nifty 3981) levels, which are the 50% and 61.8% retracements levels of the Sensex fall from 14724 to 12316 ranges. 12644(Nifty 3573) should be the stop loss for the short term long positions

Wave Count

The Sensex fall from 14724 to 12664 has formed a Triple Combination Corrective pattern. The first two phases is Zigzag and the third phase is an Irregular Flat of which the wave-c is a Neo Wave Third Extended Fifth Failure pattern which indicates a strong counter trend move as witnessed. The pattern implication of a Triple Combination is that it should be retraced, the least, around 60-70%. The 60-70% retracements levels of the Sensex fall from 14724 to 12664 are placed at 13965-14165.

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Daily Levels of Underlying Cash Stocks Traded

SCRIP NAME	S2	S1	LTP	R1	R2
A.C.C.	716	725	735	743	752
H.L.L	192.58	195.13	197.8	200.23	202.78
H.PC.L	242.02	250.37	254.75	260.87	269.22
ICICI BANK	833.83	849.33	858	868.33	883.83
INFOSYS	1929.67	1968.67	1992	2032.67	2071.67
LARSEN	1499.67	1535.67	1566	1605.67	1641.67
MARUTI	776.5	792	799	809	824.5
M.T.N.L	144.6	146.5	148.15	150.3	152.2
O.N.G.C	825.67	843.67	866	879.67	897.67
RCOM	406.9	413	418.45	425.2	431.3
RELIANCE	1316.17	1334.67	1349	1371.67	1390.17
SATYAM	435.88	447.93	455.6	466.33	478.38
S.B.I	930.5	957	974	1000	1026.5
TATA MOTORS	684.5	706	719	741	762.5
T.C.S	1136.79	1174.17	1201	1248.92	1286.29
TATA STEEL	429.27	435.55	441.1	448.1	454.37
V.S.N.L	385.5	391.5	395.75	401	407
ZEE TELEFILMS	225.72	232.87	241.15	247.17	254.32

Source : BRICS

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In the interest of timeliness, this note was not edited.			

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