



Critical times ahead

The Sensex on the weekly charts has stayed on course since our last update but the rally is losing momentum slowly and steadily. The target range at 17900-18500 including the inverted HNS is very near but still holds. Nevertheless, the next few sessions of this new week remain extremely crucial for the markets, any move below the 16978-17241 support range would have extremely bearish impact on the markets for the next couple of weeks. Till then we still have some upside left. The bearish island gap, which is just above at 18439 levels, is one key reversal level on everybody's watch list for the next week.

The scenario if we break 16978 also needs a mention since the market would go into a tailspin once the level is broken. Momentum indicators would trigger sell readings by then. Moreover a zigzag pullback would also be complete and the Sensex would first head for the 50% retracement as well as bullish gap support at 16570. Once the gap fills the downmove could accelerate and target 15300, which was a triple bottom support earlier on the daily charts. Hence, the week remains critical as it holds the key to the markets going forward and long positions should be pruned in the target range of 17900-18500. Moreover, 16978 remains the level to watch out for.

Inverted H & S



Target range



Trendy Levels

Sensex	
Support	Resistance
17000	17700
16450	18270
15290	19000
20WEMA	40WEMA
17123	16955
10 MEMA	20 MEMA
17100	15762
Sensex: 17,600	

WEMA: Weekly Exponential Moving Average
MEMA: Monthly Exponential Moving Average

Disclaimer

"This document has been prepared by Sharekhan Ltd.(SHAREKHAN) This Document is subject to changes without prior notice and is intended only for the person or entity to which it is addressed to and may contain confidential and/or privileged material and is not for any type of circulation. Any review, retransmission, or any other use is prohibited. Kindly note that this document does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction.

Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. SHAREKHAN will not treat recipients as customers by virtue of their receiving this report.

The information contained herein is from publicly available data or other sources believed to be reliable. While we would endeavour to update the information herein on reasonable basis, SHAREKHAN, its subsidiaries and associated companies, their directors and employees ("SHAREKHAN and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent SHAREKHAN and affiliates from doing so. We do not represent that information contained herein is accurate or complete and it should not be relied upon as such. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Sharekhan may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject SHAREKHAN and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

SHAREKHAN & affiliates may have used the information set forth herein before publication and may have positions in, may from time to time purchase or sell or may be materially interested in any of the securities mentioned or related securities. SHAREKHAN may from time to time solicit from, or perform investment banking, or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall SHAREKHAN, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. Any comments or statements made herein are those of the analyst and do not necessarily reflect those of SHAREKHAN."
