

## Technical In-Depth

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# Technical Research Weekly

## Expect Range-Bound Movement

- **Nifty** — The index is witnessing a pullback after its sharp decline from its high of 4245 (8 February 2007). On the downside, support around the 200 dma (daily simple moving average) was tested. The 200 dma is at 3572.
- **Moving averages** — Nifty is trading below its short-term moving averages. On the last trading session of the week, it tested resistance around the 10 dma at 3746 and closed below it on a negative note. A close above the 10 dma at 3746 should see Nifty extending the pullback further. The moving average crossover is negative — 10 dma (3746), 20 dma (3914), 50 dma (4001) — with the 10 dma below the 20 and 50 dma (Figure 3).
- **Fibonacci retracement levels** — The 38% and 50% retracement levels of the decline in Nifty from the high of 4245 (8 February 2007) to the recent low of 3554 (5 March 2007) are the following: 38% is at 3820 and 50% is at 3900. A close above the 10 dma at 3746 should see Nifty pull back further toward the retracement levels (Figure 3).
- **Oscillators** — The Relative Strength Index — RSI (14) daily — has turned up after entering into the oversold zone; declines during the week should find support at lower levels with key support levels at 3645 and 3572 (200 dma). MACD daily is in sell mode and in negative territory; resistance can be expected around the 3820-3840 level.
- **Conclusion** — Range-bound movement can be expected with 3572 on the downside and 3820-3840 on the upside; intraday volatility is likely to continue during the week.

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**Figure 1: India Technical Research — Index Snapshot**

| Indices                      | Last Close | Current Close | Weekly Change(Points) |
|------------------------------|------------|---------------|-----------------------|
| Sensex                       | 12886.13   | 12884.99      | - 1.14                |
| Nifty                        | 3726.75    | 3718          | - 8.75                |
| Nifty Futures: Current Month | 3690.30    | 3698.65       | + 8.35                |

Source: Citigroup Investment Research

See Appendix A-1 for Analyst Certification and important disclosures.

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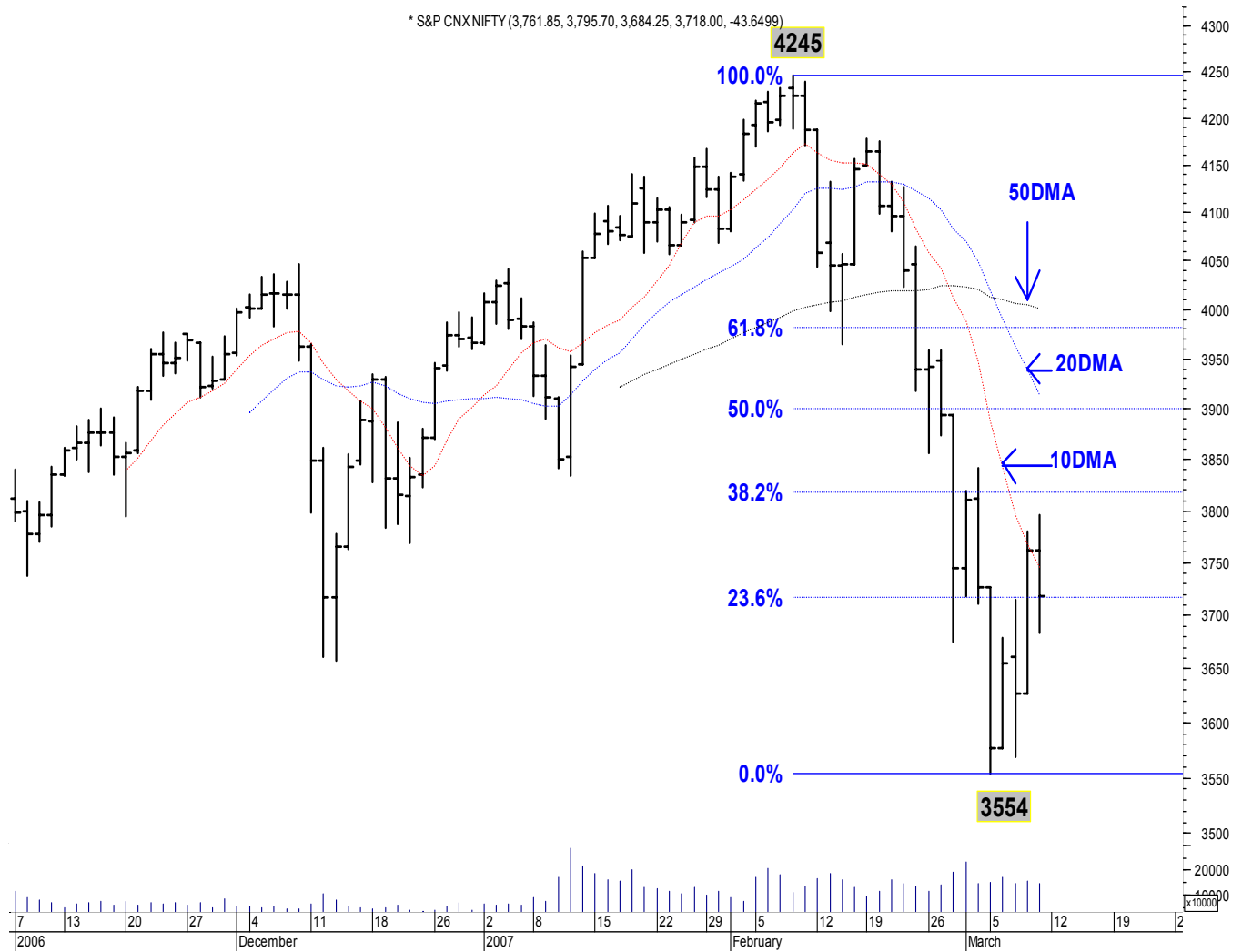
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Figure 2: India Technical Research — Support and Resistance (Weekly)

| Indices                      | Support           | Resistance        |
|------------------------------|-------------------|-------------------|
| Sensex                       | 12645-12520-12318 | 12974-13245-13408 |
| Nifty                        | 3646-3605-3572    | 3745-3820-3856    |
| Nifty Futures: Current Month | 3620-3565-3515    | 3728-3792-3863    |

Source: Citigroup Investment Research

Figure 3: India Technical Research — Nifty Daily Chart



Source: Reuters Metastock

## Appendix A-1

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