

Market Outlook

FOR PRIVATE CIRCULATION ONLY

15 September 2008



Nifty Futures (Front month series):(4245.8)

Nifty futures closed the day with a loss of 58.65 points on a day when most of the global markets closed on a positive note on a possible buyout of Lehman Brothers Inc. by Bank of America or Barclays. On Friday, it had opened on a positive note and after an initial slide there was a pull back around noon, on better than expected IIP numbers and positive European markets. The optimism was short lived as profit taking, selling by FII and margin calls pulled down the major indices. Most of the sectors closed in the negative. Few of the worst to fare were the Banking, capital goods and IT sectors. As per the provisional data, FII remained sellers and DII were buyers on the bourses. Europe closed in green on Friday. US markets have closed flat in a highly volatile session. The talk of sell off of Lehman Brothers holding Inc. is now in jeopardy since both the banks have withdrawn as they could not get guarantee from the government or other Wall street firms to protect against possible losses on Lehman's assets leading to a negative sentiment and Asia has opened in the red. Oil has eased further and broken 100 support and is below 100 level. Technically, Nifty future has signaled weakness having closed below the 4270 support and fresh weakness will be signaled if 4200 is broken. The weekly charts have deteriorated since Monday opened gap up on strong optimism after the nuclear deal passage through NSG but profits taking at higher levels and constant selling though out the week culminating in a marked sell off on Friday has taken place. The downswing is likely to gain momentum below 4160 and it may then move down to a test of 4104-4100, 4085 regions. Its immediate resistance is in the 4270, 4300 region above which 4340-4385 levels will come to play. Given the grim global scenario, markets could well open gap down. This could lead to fresh margin calls and more unwinding of bull positions so test of lower levels seem to be more likely. Volatility may remain high so make the best of it.

Resistance: 4270, 4300, 4340, 4385, 4400

Support: 4220, 4200, 4160, 4105, 4100, 4085, 4000.

Kotak Bank (578.2): It has broken an important support below 592 and short positions may be taken if this level continues to act as resistance on upswings with a stop if prices move decisively above 604 for a downside target of 570, 565, 555 and 550

Resistance: 592, 600, 605, 615, 630

Support: 570, 565, 555, 550

TCS (810.55): Short position may be taken in this counter on rallies with stop if prices move decisively above 836 for a target of 800, 785 and 775.

Resistance: 819,, 825, 836, 850

Support: 800, 785, 775, 770

Note: All prices relate to NSE spot prices unless otherwise stated. Stop loss is a risk control mechanism and should always be there since it is a level which breached signals that the call has gone wrong and steps must be taken to put a stop to further loss. It also quantifies the risk.

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