

Market Outlook

FOR PRIVATE CIRCULATION ONLY

27 AUGUST 2008



Nifty Futures (Front month series):(4290.9)

Nifty Futures opened the day on a strong note but the open was the high of the day which it was unable to cross. After some range bound movement in which distribution seems to have taken place, it gave a breakout on the lower of the band and moved down sharply to close the day near the low with a loss of 45.39, ours being the worst performing market in percentage terms compared to our Asian peers. Nearly all the sectors closed in the red with Banking, Realty and Capital goods ending up with worst performance. As per the provisional data, FII were sellers and DII were buyers on the bourses. US markets have closed positive in a choppy thinly traded session. Oil has rebounded from the lows on fears that the hurricane may disrupt Mexican supplies and low US inventories. Europe closed mainly in the green. The Asian markets are trading mixed this morning. Technically, Nifty future has a strong resistance now in the 4370 region. Its immediate resistance is around 4300 and 4350 above that. Above 4400 the upswing will gain momentum and it may then move up to 4455. Its immediate support is now around 4280 and 4250 will be the next support. Below 4250, however, the slide will gain fresh momentum and it may then move down to 4220 and 4200 levels. It is currently moving within a 4250 - 4400 band and a break out on either side could set the fresh trend. It needs to sustain decisively above 4400 to signal stemming of the downswing and above 4455 to signal strength. Markets are likely to open on a flat note on mixed global cues and then chart their own course as the day progresses which will be influenced partly by the open derivative positions and rollovers. Volatility may remain high on the day of the expiry of August contracts so make the best of it

Resistance: 4370, 4400, 4455, 4470, 4500, 4530

Support: 4350, 310-4300, 4270, 4250, 4200, 4160

Dr. Reddy's lab (589.7): Long position may be taken in this counter on dips with a stop below 575 for a target of 600, 605 and an optimistic target of 620

Resistance: 595, 600, 605, 620, 630

Support: 585, 575, 570, 565

HDFC (2296.4): Short position may be taken if it is resisted in the 2315-2320 region with a stop above 2350 for a target of 2265, 2250, 2235

Resistance: 2300, 2320, 2350, 2370, 2400

Support: 2290, 2265, 2250, 2235, 2220, 2200

Kotak Bank (575.05): Short position may be taken if it is resisted in the 585-590 region with a stop above 603 for a target of 565, 560, 550. Avoid short positions if it sustains above 590.

Resistance: 585-590, 600, 610

Support: 570, 565, 560, 550, 545

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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