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MUHURAT- 2011 TECHNICAL REPORT

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Muhurat 2011:- Selective Stocks to bet long...

Muhurat trading is the auspicious stock market trading for an hour on Diwali (Deepawali), one of the biggest festivals on Indians. The practice of muhurat trading has been retained and observed for ages. With this, the traders on Dalal Street welcome the New Year on a positive note.

The traditional muhurat trading on the day of Diwali still retains much significance for many traders. As Diwali also marks the beginning of the New Year, it is believed that muharat trading on this day brings in wealth and prosperity throughout the year. An auspicious beginning is thus made on the first day of the year.

With the advent of this auspicious occasion (Diwali- 2011) we have filtered some technical counters with a delivery view for over a year.

Nifty weekly chart from 2009 to 2011



Nifty move post Muhurat trading in last two years 2009/10)

Flash-back:-

In last two occasions (2009 & 2010) post “Muhurat trading” we have seen a decisive trending market.

While on one hand back in 2009 Diwali (21st Oct-Wednesday)- Nifty from odd 5000 levels move to 6330 levels by 2010 Diwali (5th Nov.- Friday) gaining over almost 26% in a year.

While on the other hand Nifty from 6330 levels (Diwali- 2010) has slipped down back to 5000 levels setting-off all the gains in the current year (Diwali-2011) loosing almost 26% from highs.

Net:-

Diwali 2009 (5000) to Diwali 2010 (6330) – Nifty gained 26%

Diwali 2010 (6330) to Diwali 2011 (5000) – Nifty lost 26%

Current scenario:-

Stepping up in the next year we assume the market to remain on a slippery ground on the back of uncertain global events and fear of economic slowdown. Going forward we believe the volatility to remain high and Nifty is expected to trade within a wide range between 4200 to 6700 for most of the time in the year to come. Index may shrug-off the current downtrend in the second-half of the next year and can target higher band of the range.

We believe that sharp sell-offs in time to come should be used to buy proportionately the fundamentally sound counters with view of three to five years. The focus should be on large caps with selective mid-cap ideas.

Here we come with few selective buying ideas with a year view which can outperform the Index in time to come:-

1) BAJAJ-AUTO

1-BAJAJ-AUTO.EQ -



Bajaj-Auto had been in an upward trending market since start of 2009 (from the lows of 150 odd levels) and post forming a high at around 1660 levels (over 1000% move) it corrected almost 30% (of the previous move) to test the lows of 1200 levels. Thereafter the counter once again resumed its upward move and currently has surpassed its previous highs against the market trend. The counter can be looked for buying on any sharp sell-dips and going forward holding above 1200 levels the counter can target 1950 & 2400 levels in the best case scenario.

2) SBI

1-SBI.EQ -



SBI started its 2009 rally from the lows of 900 levels and formed the top at around 3500 levels (Nov- 2010) (move of over 285%) ending the up move by forming a big “bearish engulfing” pattern on weekly charts. The correction started after forming “bearish engulfing pattern” and touched the lows of 1700 levels correcting over 65% of its rally.

Though the counter still continues to be in the grip of weakness and is trading below its 200 Weekly EMA. The counter should resume it’s up move above 2050 levels and can target 3k levels on higher end. Trading in an oversold territory any sharp cuts can be used to initiate long positions in the counter with a year and above view.

3) BHARTI AIRTEL

1-BHARTIARTL.EQ



Bharti Airtel has been facing stiff resistance at around 440-450 band since last three years while on the lower end 260-280 is acting as a strong support. Way back in March-2009 Bharti Airtel started the rally from 270 off levels and breached above 500 in a span of just two months. Though it failed to hold those levels and slipped back to 260-280 levels. In mid of June-2010 once again Bharti Airtel started its run and touched 440 levels by Jul-2011 before correcting towards 350 levels. Going ahead we believe Bharti Airtel has potential to re-test its highs of 450 levels and has decent support at 340/300 and positionally 260-280 support bands. The sharp throw back in the counter can be used to buy proportionately keeping in view over a year time-frame.

4) IDFC

1-IDFC.EQ -



IDFC from the lows of 45 in Marc-2009 moved to the highs of 215 levels (over 375% run) by Nov-2010. It formed a big “Bearish Engulfing” candle on weekly chart and started its corrective move of its complete run which tested the lows of 100 before resuming up. The counter has corrected over 65% of its move from 45 to 218 and the downside seems limited in the counter. One can look the counter for buying and accumulate it on dips with investment an idea.

5) AXIS BANK

1-AXIS BANK.EQ -



Axis bank from the lows of 280 levels (March- 2009) rallied to the highs of 1600 levels (over 470% move) in (Oct-2010) and thereafter corrected the complete rally breaching down below 1000 levels. The counter corrected around 50% at around 950 levels of its previous move and thereafter bounced back towards 1150 levels. Going forward we believe limited downside in the counter with a potential to move back towards its previous highs. We recommend buying in the counter on proportionate basis on any substantial dip with a delivery idea for over a year view.

6) HDFC LTD.

1-HDFC LTD.,EQ -



HDFC Ltd. made the low at around 220 in March- 2009 before starting its intermediate up move and surpassed 800 levels on higher end thereafter (over 260% move). The counter has outperformed the Index in the recent time and is holding well above its 100 weekly EMA of over 600 levels. Post current side-ways consolidation the counter is expected to resume its up move and the counter can surpass over its previous highs.

With crucial positional supports at 620 & 560 levels on downside the investors can take a long bet over the counter and should look for buying on dips with minimum span of a calendar year.

7) BIOCON

1-BIOCON.EQ



Biocon was trading under 90 levels way back in 2009 when it started its fresh up move. The counter gave a return of over 430% and crossed over 470 levels before correcting the complete move. Biocon started the correction in Oct-2010 and touched the lows of 100 weekly EMA at around 300 levels in Feb.2011. Since then the counter is consolidating in a broader range (315 & 380) and forming a sort of “triangular” pattern. We expect the break-out of this pattern on a higher end in time to come and thus it can be looked for buying at the lower end of the pattern.

8) INFY

1-INFY.EQ -



INFY consolidated within a range of 1100 to 1300 in the start of 2009 when it started its rally and topped-out at around 3500 levels in Dec-2010. The counter thereafter corrected for almost nine months and recently bottomed-out at around 2200 levels before resuming its up move post correcting over 55% of its previous rally.

The counter which has recovered around 25% from its 2200 levels in last two months is expected to head higher in months to come. Investors with a time frame over a year can keep the counter under track and should look for buying on proportionate basis on every sharp throw-back on the back of either micro or macro factors.

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