

Indices	Last Close	% chg over previous week	Short-term view (up to 1 week)	Medium-term view (1-3 weeks)	Comments (stocks in line with short term view)
BSE Sensex	16264	3.66	Sideways	Mildly Bullish	
NSE NIFTY	4829	3.18	Sideways	Mildly Bullish	
BSE Midcap	5922	1.53	Sideways	Mildly Bullish	
BSE Smallcap	7101	1.56	Sideways	Mildly Bullish	
BSE 500	6206	2.66	Sideways	Mildly Bullish	
BSE Auto	6030	-0.81	Sideways	Mildly Bullish	
BSE Bankex	8911	6.78	Mildly Bullish	Sideways	Buy SBI
BSE Capital Goods	13272	2.18	Mildly Bullish	Sideways	Buy Bhel
BSE Consumer Durables	3374	2.55	Sideways	Neutral	
BSE FMCG	2512	-2.97	Sideways	Neutral	
BSE Health care	3932	1.87	Sideways	Neutral	
BSE IT	4369	2.27	Sideways	Neutral	
BSE Metals	13459	7.71	Sideways	Neutral	
BSE Oil and Gas	10235	4.63	Sideways	Neutral	
BSE Power	2963	1.02	Sideways	Neutral	
BSE PSU	8575	3.19	Mildly Bullish	Sideways	
BSE Realty	4247	-1.16	Sideways	Neutral	
BSE Teck	3152	2.11	Sideways	Neutral	

Summary

- For the Sensex, the trendline joining the bottoms of 13,220 and 14,684 is acting as a support on the lower side. On the upper side, the trendline joining the tops of 15,600 and 16,002 is acting as a resistance for the Sensex. The current values for the upper and the lower trendlines are at 16,307 and 15,661 respectively.
- For NIFTY, the corresponding values for the upper and the lower trendlines are at 4,760 and 4,667 respectively.
- Presently the Sensex is trading above both the short term as well as the medium term moving averages. The value for the short term moving average (8 DMA) is at 15,920 and medium term moving average (25 DMA) is at 15,531.
- On Monday, the Sensex created a western gap up of 52 points (15,793 to 15,741) which is not filled for the last 4 trading sessions. Monday will be the fifth and last day for the Sensex to fill the same or else the Sensex could continue to move up.
- Continuous faster retracement of the previous downmoves is taking place in the Sensex which is a bullish signal.
- The Change of Polarity Principle is currently in force for the Nifty and the Sensex at 4,782/4,785 and 16,000 respectively. If these indices start trading below these levels, bears will again come back into action.
- Oscillators are trading above their respective average which is a bullish signal.

Week Ahead

Trendlines on the Sensex chart:



Trendline is a very basic, simple but effective technique in technical analysis.

As marked on the chart above, in the current upward move the lower red trendline joining 13,220 and 14,684 is acting as a support for the Sensex. The Sensex will continue to move upwards until this trendline is breached. During the current upward move, on three occasions, the Sensex has taken support at this trendline. We have marked those occurrences on the above chart. The validity of the trendline increases with the increase in the number of such occurrences.

We have also marked another trendline on the above chart. In the current upward move the upper red trendline joining 15,600 and 16,002 is acting as a resistance for the Sensex. The Sensex, for a very short period, traded above this trendline. However, it could not remain above this for long. For breaching of any trendline, the index need to stay above the trendline for at least 3 days (time factor) or it needs to stay above at least 3% of the trendline value. The Sensex could not do either and soon came down.

The Sensex will move up only if it crosses the upper trendline decisively. The current values for the upper and the lower trendlines are at 16,307 and 15,661 respectively. The trendline which is stronger will decide the future course of the moves of the Sensex. If the breakout that took place recently is false, then the Sensex will not go above 16,500.

Trendlines on the NIFTY chart:

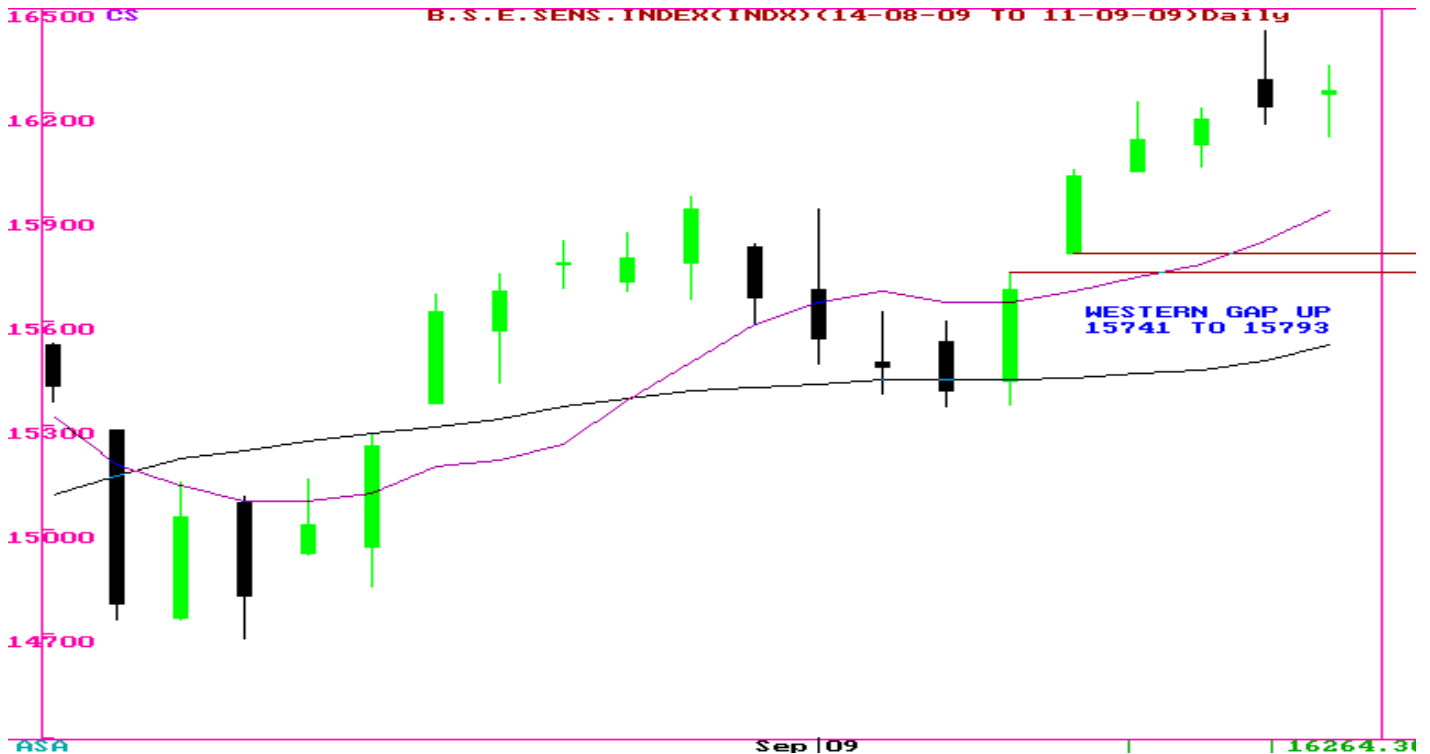


As marked on the chart above, in the current upward move, the lower red trendline joining the significant bottoms of 2,539 and 3,919 is acting as a strong support for the NIFTY. During the current upward move, on four occasions the NIFTY has taken support at this trendline. We have marked those occurrences on the above chart. The validity of the trendline increases with the increase in number of such occurrences.

We have also marked another trendline on the above chart. This upper trendline (in red) is drawn by joining the significant recent tops of 4,693 and 4,731. Unlike the Sensex, the NIFTY has breached this trendline and is trading above the same.

The current values for the upper and the lower trendlines are at 4,760 and 4,667 respectively.

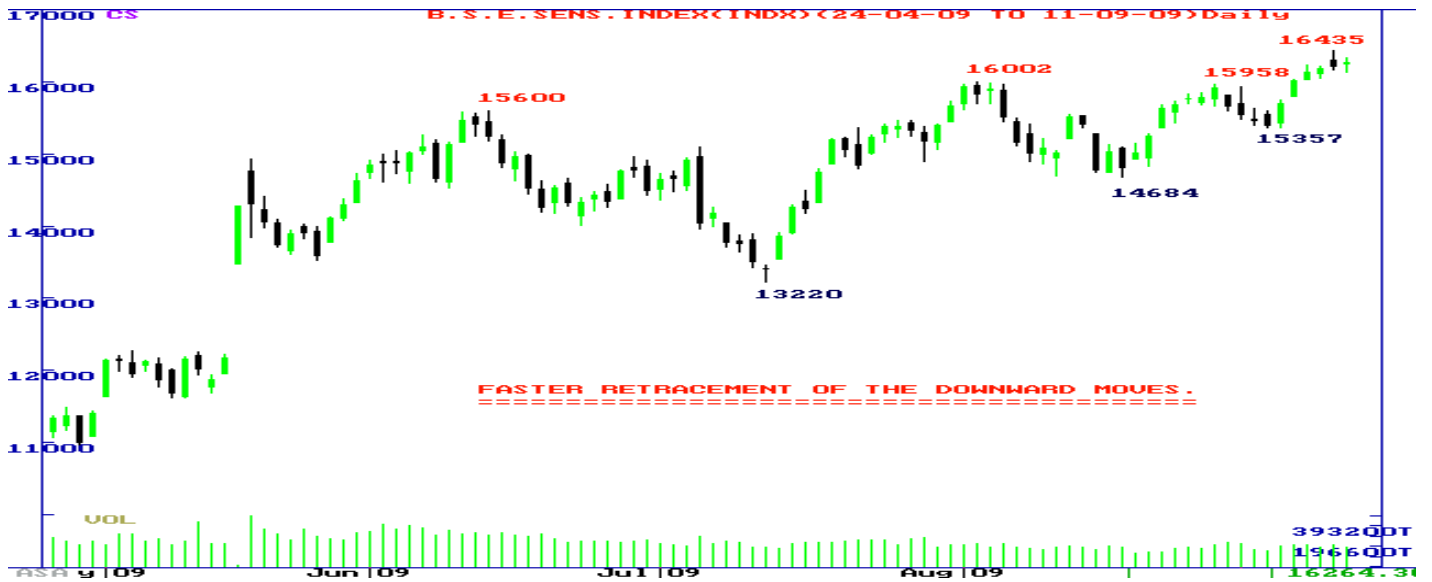
Moving averages and the Gap:



The short term moving average is an indicator of the trend in the near future. The value for the short term moving average (8 DMA) is at 15,920 and medium term moving average (25 DMA) is at 15,531. Presently, the Sensex is trading above both the short term as well as the medium term moving average which is a bullish signal. As long as the Sensex continues to trade above these moving averages, the bulls will drive the market.

As marked on the chart above, on Monday, the Sensex formed a western gap up of 52 points having upper and lower values of 15,793 and 15,741 respectively. As per Japanese candle stick theory, any gap is an invitation for bulls/bears to take their positions so that they can fill such gaps. The Japanese analysts are keen on the time period of three days to fill such kind of gap. However, Steve Nison is a bit lenient and allows up to five days. As this gap was created on last Monday, the Sensex has already consumed four days. So this Monday will be the last day for the Sensex to fill the gap. Unless this gap is filled, the Sensex will continue to move upwards.

Faster Retracement in the Sensex:



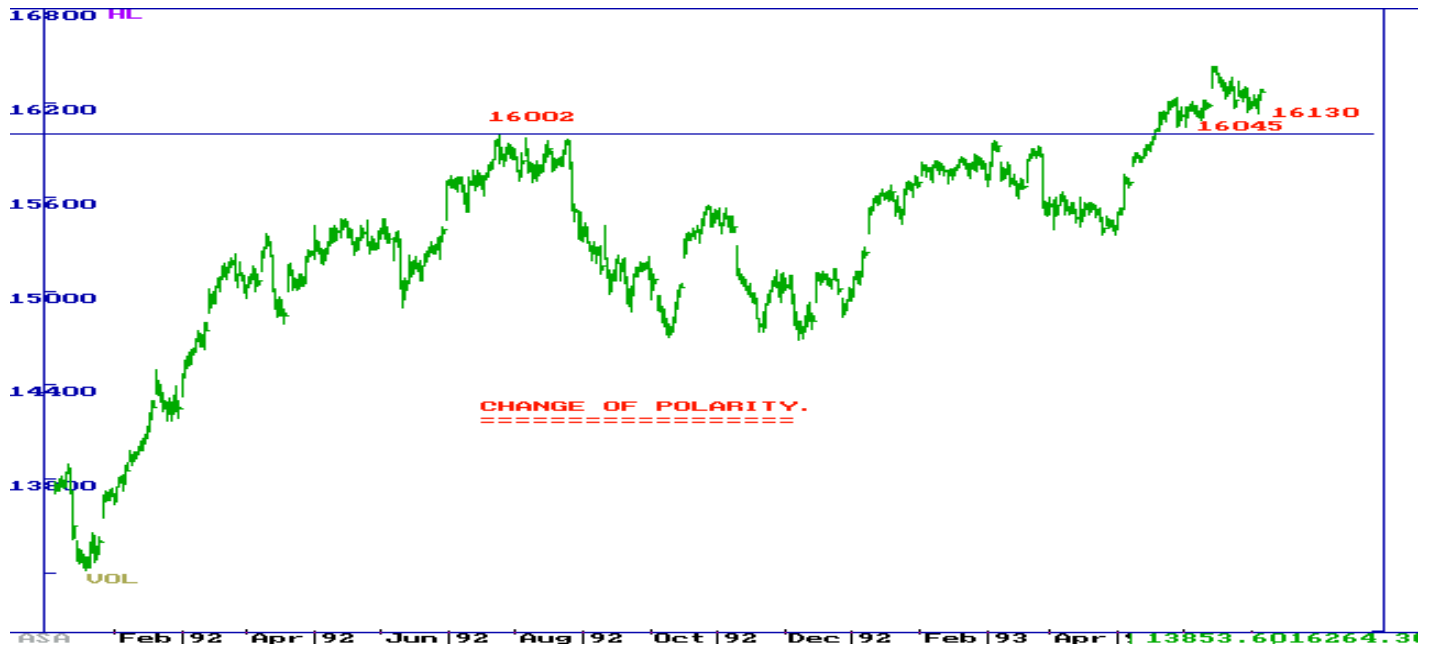
Move From	Move To	Points	No of Days of fall
15,600	13,320	2280	21
13,320	16,002	2682	14
16,002	14,684	1318	11
14,684	15,958	1274	7
15,958	15,357	601	5
15,357	16,435	1078	3

We can observe that there is continuous faster retracement taking place in the Sensex, which is a bullish signal. There are three downward moves.

- 1) The move from 15,600 to 13,320 took 21 days and it got retraced in 14 days which is known as faster retracement.
- 2) The move from 16,002 to 14,684 took 11 days and it almost got retraced in 7 days.
- 3) The move from 15,958 to 15,357 took 5 days and it got fully retraced in just 3 days.

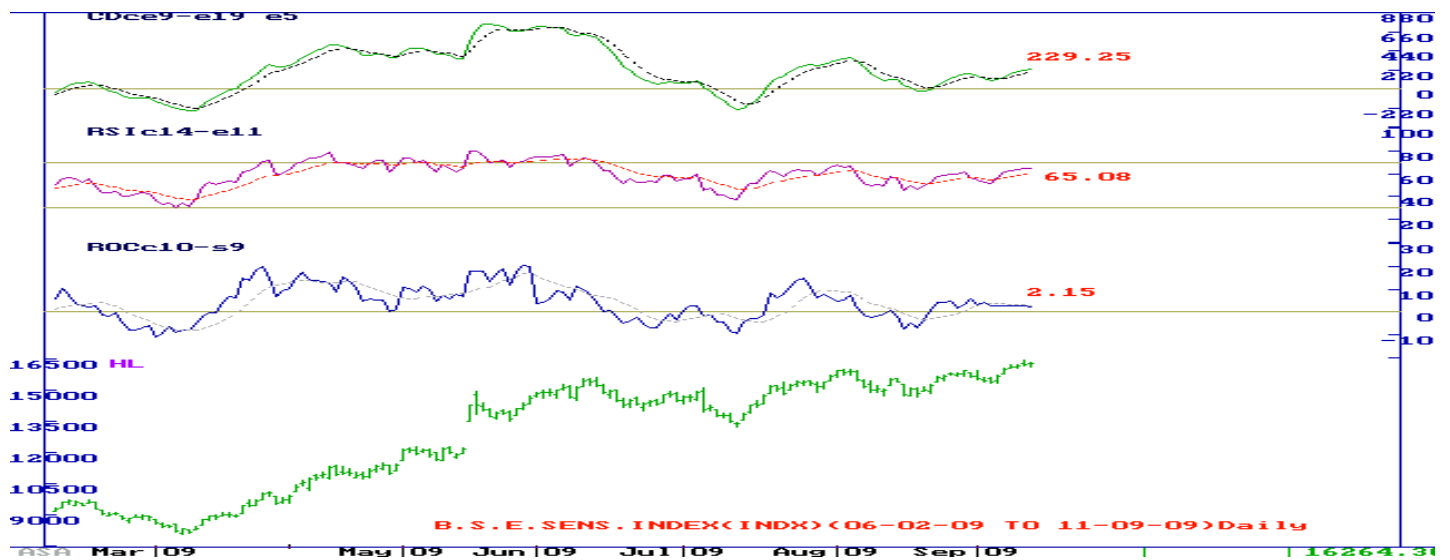
Change of Polarity:





The NIFTY seems to have formed a strong base around 4,782 to 4,785 area. This area is acting as a strong support for the last few months. In case of the Sensex, the corresponding level is around 16,000. If these indices start trading below these levels, bears will again come back into action.

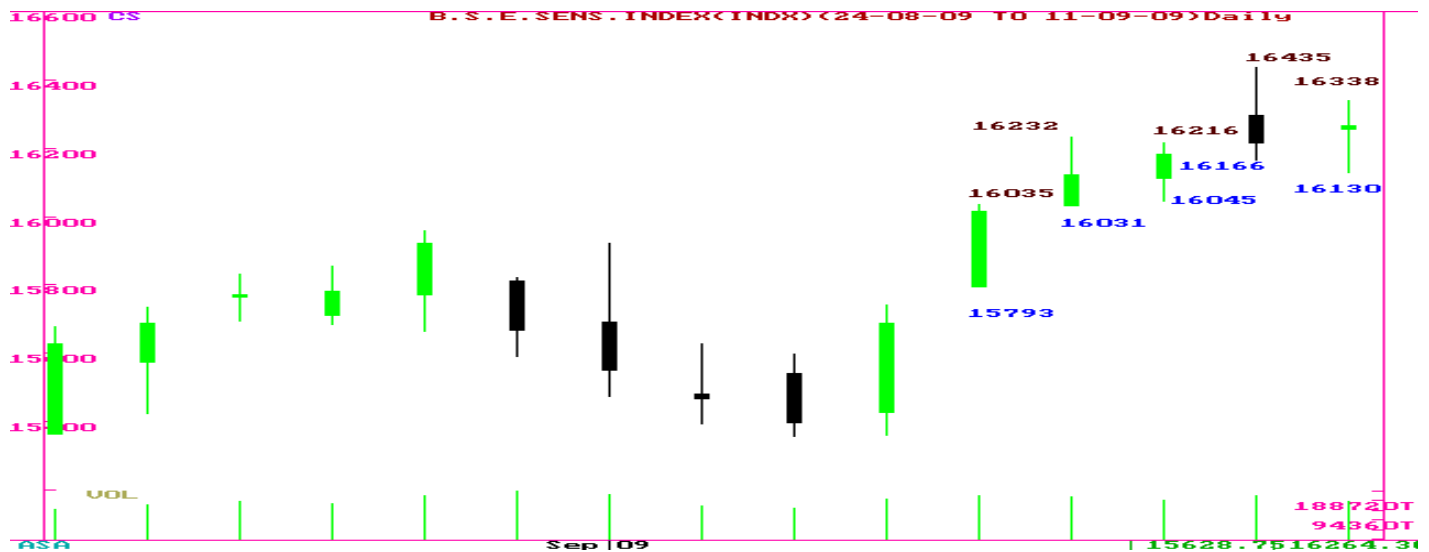
Oscillators:



Oscillator	Current value	Average value
MACD – 9days	229.25	194.08
RSI – 14 days	65.28	60.39
ROC – 10days	2.15	2.91

As per the table above, MACD and RSI are trading above their respective average which is a bullish signal. However, ROC is still below its average. However, ROC is trading above zero which indicates the bullish mood in the coming week.

• The Week Gone By



Throughout the week gone by, the Sensex made a bullish “higher High Higher Low” formation except on the Friday. At the end of the week, the Sensex closed 574 points above the close of the previous week.

On Monday, the Sensex created a western gap up of 52 points (15,793 to 15,741) On Monday, the Sensex. It opened at 15,793. The open and the low of the day was same which is called “shaven bottom” pattern in Japanese candle stick theory. It made a high of 16,036 and finally closed near the low of the day at 16,016. The Sensex formed a bullish “Belt Hold Line” pattern.

On Tuesday the Sensex formed another “shaven bottom” pattern. The Sensex opened at 16,031 and made a high 16,232 and closed at 16,124.

On Wednesday, the Sensex opened at 16,111. It made a high and low of 16,216 and 16,045 respectively and finally closed near the high of the day at 16,184.

On Thursday, the bears took control of the market. The Sensex opened at 16,296. It made a high and a low of 16,435 and 16,166 and finally closed at 16,217. On Friday, the Sensex opened at 16,254. The Sensex made a high and a low of 16,338 and 16,130 and finally closed at 16,264.

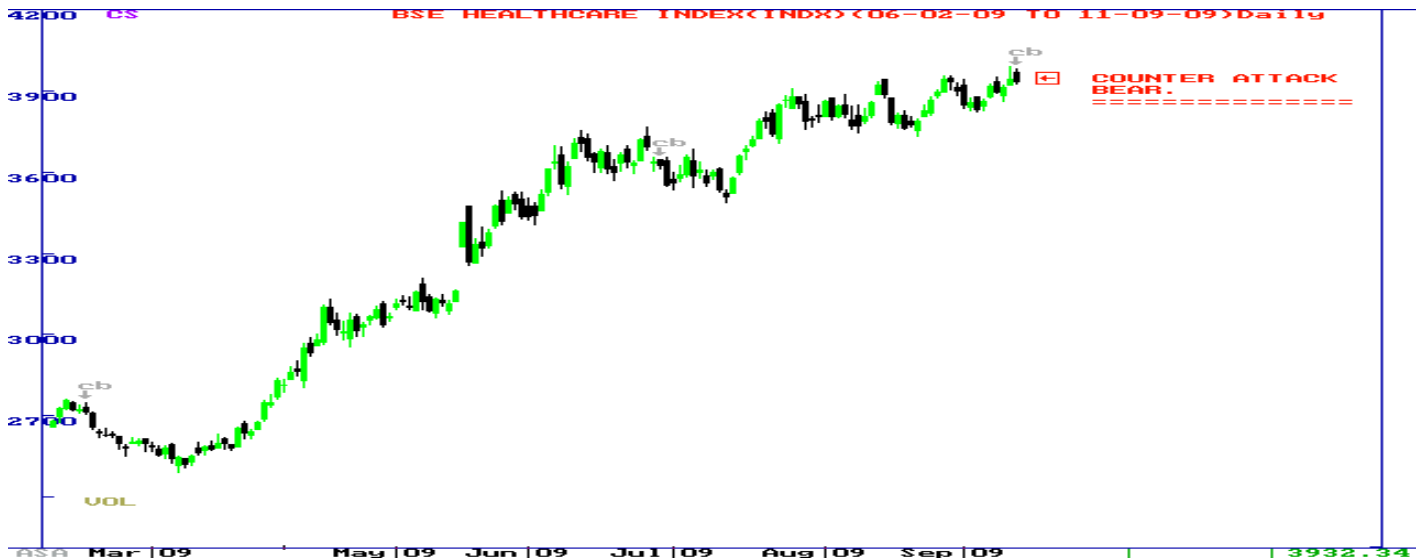
Sectoral Study

BSE FMCG index:



On a lot of occasions in the past, BSE FMCG index has taken support along the trendline shown on the chart. We expect that this trendline will again provide support for this index. Though this trendline is breached slightly, it could still act as a support. The trendline was breached in a sideways move and it is not yet breached decisively. The value for this trendline is around 2,550.

BSE Health Care index:



BSE Healthcare index has formed a "Counter attack bear" pattern on its chart and we expect this index to move sideways in the coming week.

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