

Nifty Futures (Front month series):(4746.95)

Nifty futures closed the last trading session day with a gain of 149.65 points, near the day's high of 4759 despite higher inflation figures which increased to 5.11 from 5.02. Indian bourses closed on an optimistic note on the last day though rest of Asia was in the red but positive European markets gave a boost to the markets here. Nifty futures moved up steadily after the opening and the 4645 gave it support in intraday dips. The finance minister has stated that he expected the growth rate of above 8.5% to be maintained. Meantime more pessimistic news has hit the US markets and JP Morgan buys out Bear Stearns @ \$ 2 at the initiative of US Fed. The Fed has also decreased the discount rate by 25 basis point. The continuation of sub prime woes and threat of recession has jarred the nerves of US investors, fearing more such bail outs and Dow has closed in the negative and rest of Asia is down by 2 – 5%. Given this scenario we are likely to open in the negative too. Technically, Nifty futures has strong resistance in 4800 and 4855 region with 4760 acting as the immediate hurdle. It must sustain decisively above 4935 to signal strength and above 5100 to signal worst is behind. Till then any rally will be considered a pull back. Below 4645, 4600 and 4555 are strong support. Nifty futures has taken support in the 4555 region for two consecutive days and fresh weakness will be signaled only if the 4550 region is breached now. If that happens, a retest of the panic low of 4420 formed on 22 January this year, the day market circuit opened down, could well happen. The international cues are negative this morning and markets are likely to subdue and then chart their own course burdened by domestic and global woes, as the day progresses. Volatility may remain high so caution is advised.

Resistance: 4760, 4800, 4865, 4935, 4980, 5082

Support: 4700, 4645, 4600, 550, 4530, 4500, 4420, 4280, 4050

PNB (471.75): Short positions may be taken in this counter if 480 continue to resist on rises with a stop above 491 on for a target of 460 and 450 below that. A breach of 440 will, however, signal fresh weakness.

Resistance: 480, 490, 500

Support: 460, 450, 443, 440, 400.

HERO Honda (716.3): Short positions may be taken in this counter on rises with a stop above 740 for a target of 690 and 660 below that.

Resistance: 722, 735, 740, 747

Support: 700, 690, 670, 660, 645.

IVRCL Infra (391.5): Short positions may be taken in this counter if it fails to move above 410 with a stop above 421 on rises of it breaches 375 decisively with a stop above 400 for a target of 360 and 330 below that. The downside will gain fresh momentum below a decisive breach of 325.

Resistance: 392, 400, 415, 420, 434

Support: 375, 360, 350, 330, 325, 300

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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