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FOR PRIVATE CIRCULATION

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Weekly Technical Update

Equities

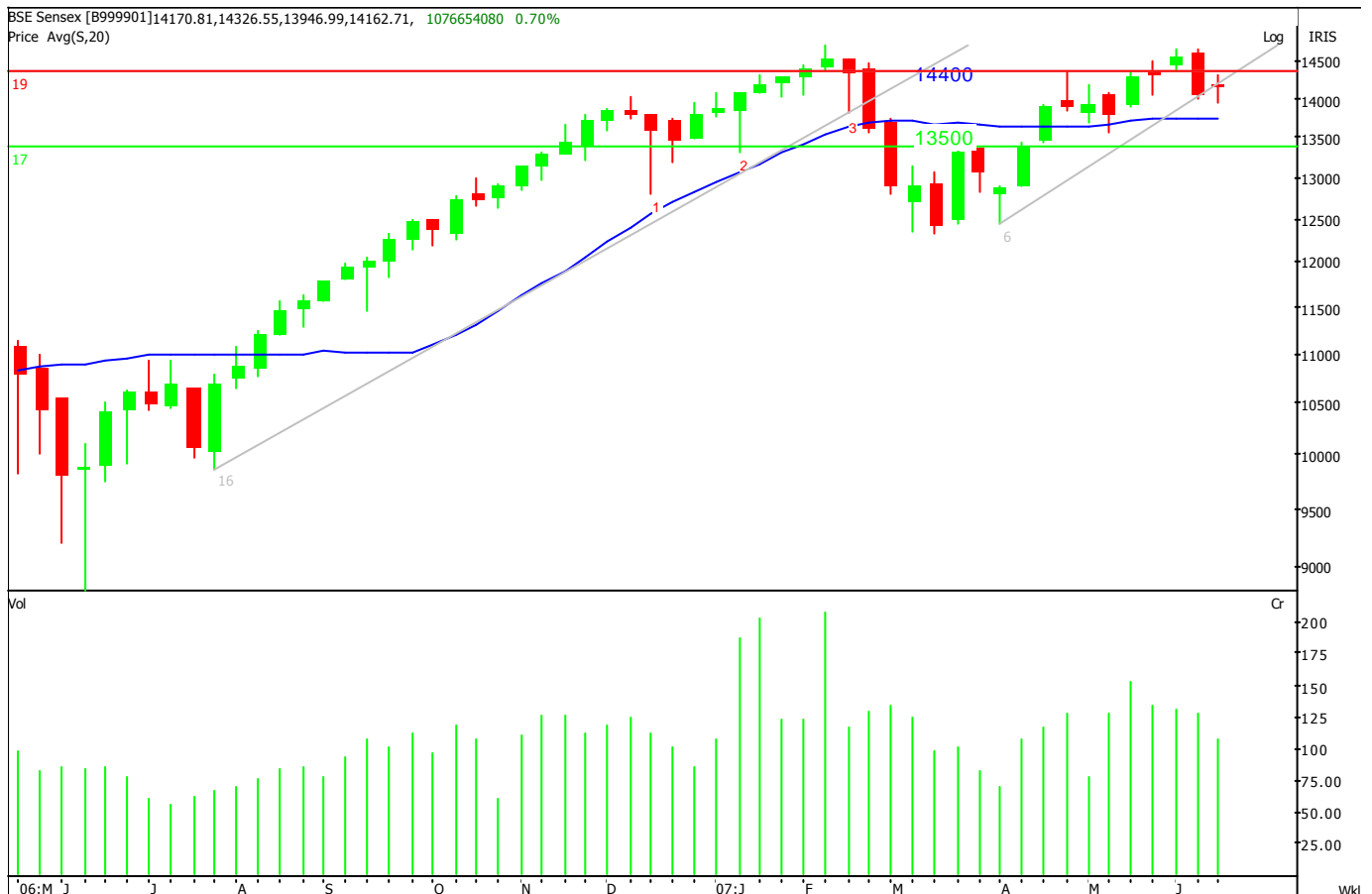
The week past and expected

The market remained volatile throughout the week. It was a tough time for traders due to the 'seesaw' movement of the market. According to weekly charts, the market is crucially poised, as it has formed a 'star', which tells us it is in a confused phase. The highs and lows of the previous week may act as trend decider levels for the market. The levels are 4210 and 4100 for the Nifty (14400 and 13950 for the Sensex). Any sustenance over or breach of these levels may invite unexpected momentum into the market.

Even the stocks statistics are exhibiting the same equation, as only 30% of the Sensex components (stocks) are in a positive trend. The rest are struggling to sustain at higher levels. This includes Reliance and ICICI Bank. If these index heavy weight stocks fail to absorb selling pressure then we may see further weaknesses in the coming days. In that scenario, the levels of 4100/13950 may act as final supports for the market.

Below these levels, one must exit leveraged long positions as well as loss making investments. Below these levels, heavy unwinding of long positions from big players is not ruled out. The correction may extend to the levels of 13600/3960.

BSE SENSEX - DAILY CHART



On the other hand, if we take a close look at the BSE Sensex chart, the level of 14400 may act as a power generating level for bull operators. Since February 2007, the bulls are losing the battle above 14400 with the bears. In the coming week, if the bulls are able to prevail then we may see the levels of 15000 (4500 for the Nifty) in a very short span of time. One must be aggressive on the long side if the market is to trade above 14400.

In brief, one must be a level based trader and keep emotions aside, particularly if the market is falling. At current levels, we are not bullish in a sector specific manner as the trend is still inconclusive. The best strategy for traders is to trade in high beta stocks and for investors is keep on adding growth stocks at each decline irrespective of the market status. Look for trading opportunities in Reliance Capital, Adlabs Films, Financial Technology, Bhel, India Infoline and Unitech. For investors, look for investment opportunities in Reliance Industries, SBI, HDFC Bank, Siemens, Sterlite, Tata Steel, Satyam Computers and Grasim.

Trading Tool

Stock	Extreme	Probable	Achievable	Closings	Achievable	Probable	Extreme	Final Stop Loss
NIFTY (MAY-F)	4076	4092	4103	4129	4155	4166	4186	4114
RELIANCE	1618	1638	1661	1682	1703	1726	1746	1660
SAIL	129.2	132.1	133.4	136	138.6	139.9	142.8	127
TISCO	577	584	593	600	607	616	623	580
HDFC	1718	1742	1764	1786	1808	1830	1854	1780
ONGC	848	859	871	882	893	905	916	860
HERO HONDA	654	662	672	680	688	698	706	680
BAJAJ AUTO	2028	2054	2083	2109	2135	2164	2190	2080
M&M	673	682	691	700	709	718	727	680
MARUTI	712	721	731	740	749	759	768	699
TELCO	625	633	642	650	658	667	675	620
REL CAPITAL	986	1005	1012	1025	1038	1064	1088	974
TECH MAHIND	1400	1424	1451	1481	1499	1538	1585	1480
TITAN	1082	1095	1109	1127	1141	1170	1206	1074
VSNL	435	440	446	452	458	464	484	444
PUNJ LLOYD	225	228	234	240	246	249	255	235
L&T	1828	1897	1924	1948	1972	1999	2068	1880
SBIN	1258	1289	1308	1324	1340	1359	1390	1280
PNB	448	467	478	492	506	517	536	484
HCL TECH	325	331	334	338	342	345	351	335
INFOSYS	1932	1969	1984	2009	2034	2049	2086	1990
SATYAM	464	472	476	482	488	492	500	474
TCS	1139	1160	1169	1184	1199	1208	1229	1180
WIPRO	511	520	524	531	538	542	551	520
ACC	792	807	813	823	833	839	854	790
GACL	103.2	104.5	107.3	110	112.8	114.2	116.8	108
GRASIM	2300	2343	2361	2391	2421	2439	2482	2380
BHEL	1339	1364	1375	1392	1409	1420	1445	1320
REL	513	522	526	533	540	544	553	513
NTPC	143.5	146.7	148.1	151	153.9	155.3	158.6	152
TATAPOWER	570	581	586	593	600	605	616	575

- Achievable** = which is achievable if the stock trades above or below the closing price. (Trade as per the trend of the market)
- Probable** = which is probably achievable if the stock trades above or below the closing price. (If the prevailing trend of the market is in force)
- Extreme** = Here traders can go short (higher side) or long (lower side) with minimal stop loss.

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