

Technical Analysis

Stock of the Week

HCL Tech: Rs402

Trend : Positive

Period 3 - 4 months

Target : Rs460 - 465

Bulls back in the ring

India Outlook

Equity indices: The Nifty recovered most of its lost ground and has given some clearly positive signals during this week. This brings the bulls back in the ring. With the current technicals, we expect the Nifty to make steady advances in the coming days. Resistance is expected in the 5650 area on the upside. The Midcap index too has returned to its bullish tendencies. Technicals suggest that a bullish break out is possible.

Key Indices

Index	Close	WoW change	Short-term outlook	Key support	Key resistance
BSE Sensex	18221	+1.2%	Positive	17900	18500
NIFTY	5479	+1.3%	Positive	5325	5500
CNX Defty	4070	+1.9%	Positive	3900	4125
BSE CG	14730	-0.7%	Positive	14300	15300
BSE Bankex	12471	+1.5%	Positive	12100	12900

Global Outlook

Commodities: Metals advanced during the week, very much in line with our view. The near term can see some consolidation in the trend, but the recovery can continue after a pause. Gold and Silver have advanced this week, but are not yet in a position to develop strong thrusts. Crude is recovering but faces significant resistance at \$77.

Currencies: The USD/INR remains choppy and continues to lack direction. The Euro has had a mild advance. It can recover to 1.30. The USD/JPY is weak and we prefer a wait & watch at this point. DXY has slipped a bit and we move to a wait & watch stance for a while.

Global equity indices: Trends of key indices are given below.

Country	Index	Closing	Key comments
USA	S&P500	1090	Can advance to 1115
CHINA	Shanghai	2655	Positive medium term trend
HONG KONG	Hang Seng	20912	Wait & watch
Japan	Nikkei	9114	Weak over medium term
MS Emerging Mkt	MSCI	995	Bias positive

Index Watch

NIFTY (5479)

Gain/Loss over the week: up 70 points (+1.3%)

Outlook for next week: Positive

Our tools: We have used a weekly bar chart along with momentum

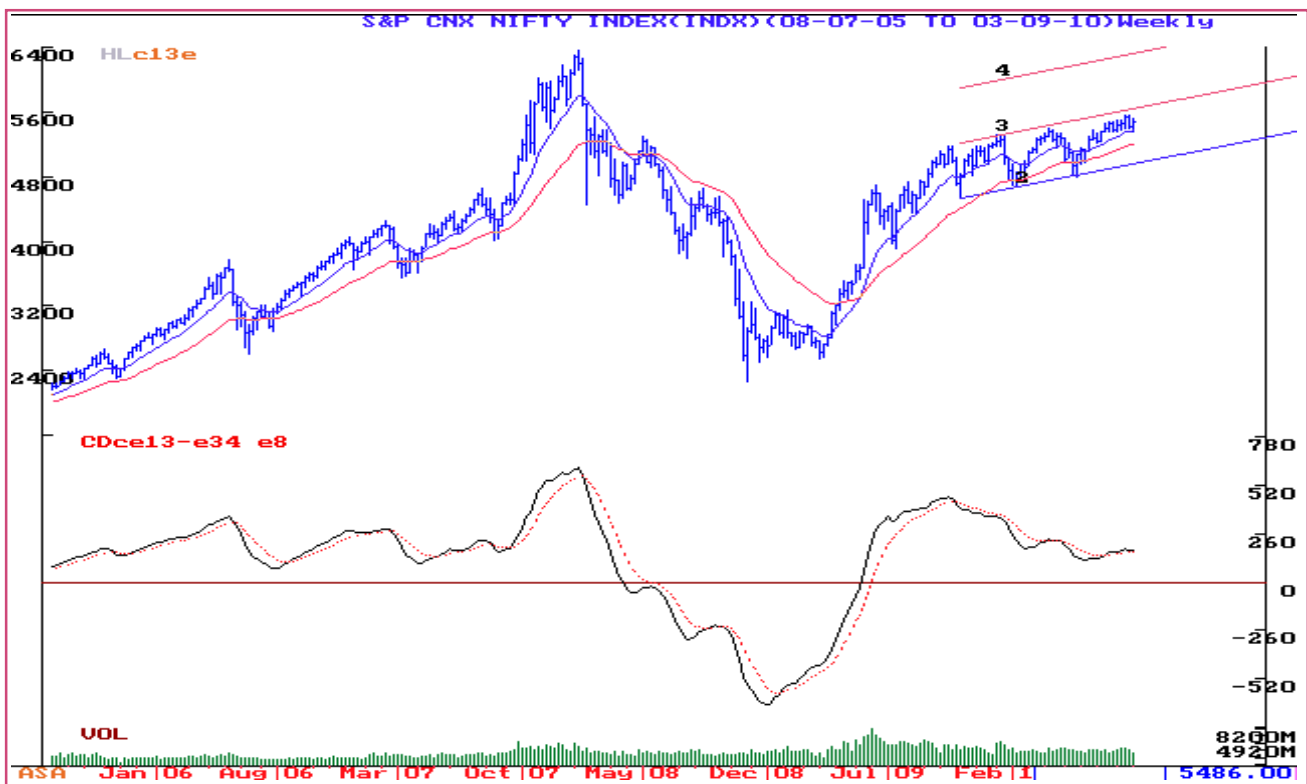
Index is trading within a trendchannel in its weekly chart: The Nifty has been trading in a trend channel since November 2009. The upper line of the channel is indicated at 5650 while the supporting line is reading at 4970.

Moving average crossover: The combination of medium and long term MAs used for tracking the trend are in positive positions, suggesting a bullish medium term trend.

Medium term momentum remains firm: The medium term momentum (MACD) remains positive and above its trigger line. This suggests that a bullish trend can develop which can sustain through time.

Outlook: The trend in Nifty remains positive in the medium term charts. The short term trend too has turned positive and technicals suggest that the recovery can continue. We expect the Nifty to advance further. Resistance can be expected in the area of 5650.

Support	5425	5375	5350
Resistance	5525	5575	5600



Index Watch

NSE Midcap (8923)

Gain/Loss over the week: up 165 points (+1.9%)

Outlook for next week: Neutral / Positive

Our tools: We have used a weekly bar chart along with momentum

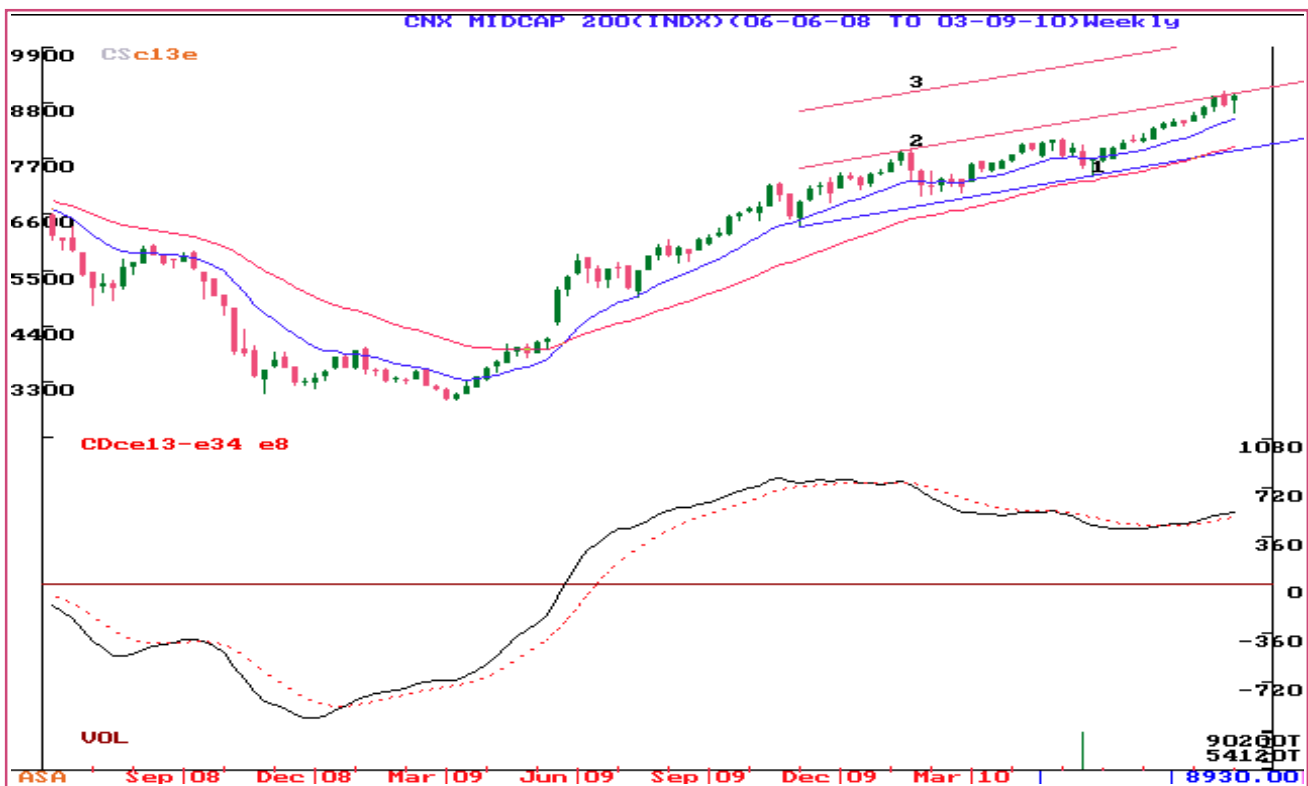
Trendchannel: The index is trading within a rising trendchannel over the last few months. This structure is essentially bullish in nature. The upper resistance line of the trendchannel is presently reading at 9000. A decisive break out above this level yields a target of 10150 for the NSE Mid Cap index. However, the index is facing stiff resistance at this very channel.

Moving Average cross over: The combination of short and medium term MAs used for tracking the trend in the weekly charts remain in a bullish cross over.

Momentum: The MACD indicator used here is moving up. It is in positive zone which is a bullish sign. The indicator continues to read above its trigger line. To that extent, the medium term momentum remains positive.

Outlook: The Midcap index, in its weekly charts remains in its bullish trend. It faces stiff resistance at the top of the channel. Until it breaks out from the channel (level is at 9000), a fresh bullish thrust cannot be expected. We prefer to be neutral at this point with a positive bias.

Support	8850	8650	8500
Resistance	9000	9300	9500



HCL TECH

Price: CMP Rs402

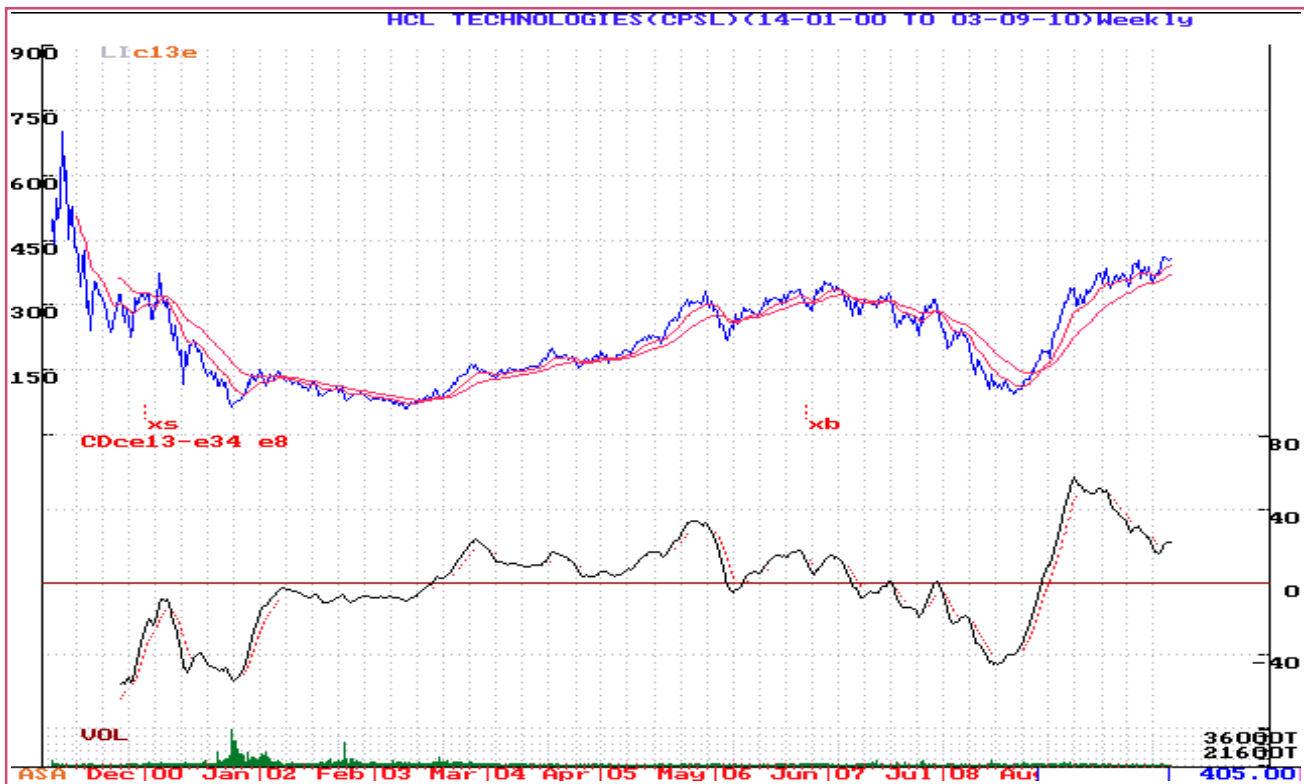
Outlook: Positive over the medium term.

Target Price: Rs460 - 465 in 3- 4 months.

Moving Averages crossover: The combination of medium and long term Moving Averages used to track the trend in HCL Tech is in a bullish position. This is indicating that the major trend in the stock is bullish.

Momentum gains upward bias: The medium / long term momentum (MACD) has started moving up. It has also moved above its trigger line which confirms a positive trend. The uptrend can be sustainable.

Recommendation: The price of HCL Tech is on the verge of a bullish break out. Technicals suggest that this uptrend can sustain in time. Momentum indicators are gaining strength from a medium / long term perspective. We expect the price to rise to Rs460 - 465 in the next 3 - 4 months.



Sector Watch

CNX Defty (4070) up 76 points (+1.9%):

CNX Defty

CNX Defty		
Supports	4000	3900
Resistances	4075	4125

The Defty has recovered some of its losses but remains within its trading range. The overall trend remains positive and a break above 4150 would be seen as a break out from the present range.

BSE PSU (9809) up 28 points (+0.3%):

BSE PSU

BSE PSU		
Supports	9700	9600
Resistances	9900	10000

The PSU remains trapped in its trading range. Medium term technicals remain positive and we expect the index to improve over a period of time.

BSE Bankex (12471) up 184 points (+1.5%):

BSE Bankex

BSE Bankex		
Supports	12300	12100
Resistances	12600	12900

The Bankex has returned back to its bullish trajectory during the week. Medium term indicators remain firm. We are bullish on the overall prospects of this index.

BSE IT (5461) up 36 points (+0.6%):

BSE IT

BSE IT		
Supports	5300	5175
Resistances	5550	5675

The IT index continues to trade in its sideways range. Medium term signals too are still undecided. A move above 5700 would signal a bullish break out. We prefer to be neutral as regards this index.

BSE Cap Goods (14730) down 101 points (-0.7%):

BSE Cap Goods

BSE Cap Goods		
Supports	14600	14300
Resistances	14900	15300

The Cap Goods is still stuck in a narrow range. But the underlying momentum in the trend remains positive. We expect a recovery in the trend.

BSE Auto (8970) up 219 points (+2.5%):

BSE Auto

BSE Auto		
Supports	8750	8600
Resistances	9000	9200

The Auto index regained its lost ground during this week in line with our expectations. Its medium term indicators remain in a positive position and we expect more upside to the index from here.

Commodities

Aluminium (\$2145)

Aluminium		
Supports	2100	2000
Resistances	2200	2225

Aluminium has moved up sharply this week and has returned to its 200 DMA(2139). It can move up to \$2200.

Aluminium

Zinc (\$2174)

Zinc		
Supports	2125	2050
Resistances	2200	2275

Zinc prices has reached up to their 200 DMA(\$2164). The present movements are in line with our view that a consolidation is taking place in the trend. Our overall bias remains positive. The price can move up to \$2350.

Zinc

Copper (\$7635)

Copper		
Supports	7500	7350
Resistances	7700	7825

The price of Copper bounced from its 200 DMA (presently at \$7109). It has also crossed the \$7500 mark as we had expected it to. The overall trend retains a bullish momentum. We continue with our positive bias on the metal.

Copper

Gold (\$1253)

Gold		
Supports	1220	1200
Resistances	1265	1280

Gold prices have risen steadily this week. The \$1250 level remains a significant resistance and is yet to overcome. It is a wait & watch for now.

Gold

Silver (\$19.57)

Silver		
Supports	19.20	18.75
Resistances	19.80	20.25

The price of Silver continued to rise this week. It is now at the upper end of the trading band and can face resistance. A broad consolidation move is playing out in the metal over the medium term. The prices can range between \$17.5 - 19.5 in this period.

Silver

Crude Oil (\$74.75)

Crude oil		
Supports	73.75	72.75
Resistances	75.25	76.00

The price of Crude Oil has made a minor bottom as expected but is now trading in an erratic way. A recovery can now take place. However, the overall trend remains weak. Significant resistance can be encountered around \$76 - 77, which is where its 200 DMA is presently located.

Crude oil

Currencies

Dollar/Rupee (46.66)

Dollar/Rupee		
Supports	46.50	46.20
Resistances	47.00	47.25

The USD/INR continues trading within a band during the week. The trend remains choppy and is likely to stay so. A directional thrust is not expected to develop in the near future.

Dollar/Rupee

Euro/Dollar (1.2821)

Euro/Dollar		
Supports	1.2800	1.2700
Resistances	1.2900	1.2950

The Euro traded in a narrow band last week but has generated a mild thrust upwards. We continue to believe that the downward momentum is exhausted now and a recovery can be expected to about 1.30.

Euro/Dollar

Dollar/Yen (84.27)

Dollar/Yen		
Supports	84.00	83.50
Resistances	85.00	86.00

The USD/JPY remains weak. The downtrend continues to lack momentum but has so far failed to pick up. It is a wait & watch for now.

Dollar/Yen

Dollar Index DXY (82.41)

Dollar Index - DXY		
Supports	82.00	81.25
Resistances	83.00	83.75

The DXY remains trapped in its narrow band but is showing signs of slipping. A further slippage looks possible. We prefer to wait & watch for a while.

Dollar Index - DXY

Global Equities

S&P 500 (1090)

S & P 500

S&P 500		
Supports	1070	1050
Resistances	1100	1115

The SP500 has moved up very sharply this week. It continues to be below the 200 DMA(1115). We expect this thrust to continue though the pace may be slower. Resistance can be expected at 1115 now.

Brazil (66808)

BOVESPA

Brazil		
Supports	66500	66300
Resistances	69000	69350

The Bovespa has abruptly returned to its 200 DMA (66456). Though the upmove has some force, the overall trend is lacking in direction. The index can move up to about 68500, but do not see a sustainable uptrend developing in Bovespa.

China (2655)

Shanghai SE Composite

China		
Supports	2635	2600
Resistances	2675	2700

The SSE has been drifting sideways this week. It is a short term correction which has set in the trend. Medium term indicators remain positive and we expect the index to rise over the medium term.

Hong Kong (20912)

Hang Seng

Hong Kong		
Supports	20700	20400
Resistances	21100	21400

The HSI has firmed up a bit, but the overall trend continues to be indecisive. It is a wait & watch for the time being.

Japan (9114)

Nikkei

Japan		
Supports	9050	8900
Resistances	9250	9300

The Nikkei trend has turned erratic but remains in line with our bearish view on the index. We remain bearish on the medium prospects.

United Kingdom (5377)

FTSE

United Kingdom		
Supports	5325	5275
Resistances	5425	5475

The FTSE has moved up sharply this week which is in line with our expectations. The trend however, lacks momentum. The trend may consolidate for a while. A further recovery to 5550 - 5600 looks possible.

MS Emerging Markets (995)

MSCI - EMI

MS Emerging Markets		
Supports	965	940
Resistances	1000	1030

The EMI has bounced from its 200 DMA(969). We continue with the view that the index is likely to make a sideways movement over the coming weeks. The medium term bias remains positive.

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