



Indsec Securities & Finance Ltd.

Daily Technical Report

Wednesday

26th May, 2010



S&P CNX Nifty (4806.75 points)

Yesterday, the Nifty opened at 4945.30 points and after hitting a low of 4786.45 points it finally closed the session at 4806.75 points, thereby recording a Net Rise of Fall of 137.20 points on a day – to – day basis.

Markets plunged on global cues causing a deep cut of 2.85% on the benchmark indices. From the opening bell the Bears were in command. Index heavy weights such as Reliance group, ICICI Bank, TCS & all F & O scrips remained subdued dragging the indices downward.

As per Elliott Wave:

Wave-(G) = 4835 – 5373 = 538 (31 days)

Internal Wave-X (till date 29 days)

Wave-a = 5373.15- 4984.60 = 388.55 (17 days)

Wave-b = 4984.60 – 5212.70 = 228.10 (4 days)

Wave-c = 5212.70 – ongoing (till date 9 days)

Or alternative counts of

Wave-H – 5373(till date 29 days) of Symmetrical pattern

Elongated flat pattern normally occurs in a triangle pattern. Hence we expect Nifty to be forming a larger degree Wave-X (triangle pattern) after termination of diametric pattern at 5373 levels. The on-going Wave-X can retrace 38.2% of previous rise of diametric triangle pattern, which is coming at around 4300 levels, or as per our alternative Nifty might be forming, Wave-H of symmetrical pattern.

Conclusion: In the free fall over the last 2 trading session, Nifty has wiped off 223 points. On the 5 minutes chart, Nifty has reached the oversold zone and hence we expect some bounced back to occur today. However, unless Nifty crosses 200 DMA (around 4996), upside is capped and if Nifty closes above its previous day's high, it will give a trend reversal signal. Yesterday, Nifty bounced from the support zone of 4800-4780 levels. As per wave counts Nifty may extend to 4750-4675 levels (previous low) in the coming sessions.



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