

Nifty Futures (Front month series):(4143.35)

Discussions continue about the US \$700 billion rescue package as it still seeks its passage through the Congress. Top economic officials testified before lawmakers who are working alongside others in the Bush administration to complete details. The dollar regained some ground and demand for Treasury bills remained high, with Oil and Gold prices easing. US markets closed the day with losses, extending the fall as investors are worried that lawmakers were doubting the need of the government bailout of financial institution to revive ailing credit markets. Europe also closed lower as there was increasing skepticism on the rescue package. The whole world seems to be focused on that for the present. As apprehended, Nifty futures opened the last trading day with a bearish gap which was closed intraday as it moved up steadily soon after the open. It was resisted in its rise in the 4240 region as it retreated from 4243.95, broke the opening levels and in a steady decline led by the IT sector and aided by Capital goods and banks, closed near the low of the day with a loss of 92.55 points. Most of the sectors closed the day with losses. As per the provisional data, FII were sellers on the bourses and DII were buyers. Asia has opened mixed this morning. Technically, Nifty future has now come near a critical support region around 4100. A decisive breach of 4100 at this juncture will be a cause of concern for the bulls. Below 4100 it may move down to 4073 which will close the gap left by the euphoric opening on Friday. If the 4070 support fails to hold and is also breached, it may slide to 4000 and below that, to 3955. On the higher side, its immediate resistance is now in the 4190-4200 region. It must close decisively above 4250 now to signal that the current downswing is over and above 4336 for strength. Markets are likely to open flat on mixed global cues and then chart its own course as the day progresses. Volatility may remain high on the penultimate day of the expiry of September contracts so make the best of it.

Resistance: 4190-4200, 4250, 4270, 4300, 4336, 4400, 4440

Support: 4100-4105, 4085, 4050, 4000, 3955, 3900

Reliance infra (863.6): Long position may be taken in this counter on dips with a stop if prices move decisively below 849 for a target of 875, 880 and 885.

Resistance: 875, 880, 885, 895, 900, 908

Support: 855, 850, 843, 835

BHEL (1626.05): Short position may be taken in this counter if it is resisted in 1660 region on pullback with a stop if prices move decisively above 1680 for a target of 1600, 1595, 1580 and a pessimistic target of 1550.

Resistance: 1650, 1660, 1680, 1700

Support: 1620, 1600, 1595, 1580, 1550

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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