

Nifty Futures (Front month series):(4008.25)

Fresh credit woes swept the world markets as investors have become jittery about the financial markets since one after the other, the stalwarts are going under, some like AIG rescued by the government, others like Lehman allowed to fail. Nifty futures opened the last day in the green on favourable global cues since Dow had closed with gains and Asian markets were still in the positive. Selling ensued soon after and it was unable to absorb the supply at higher levels and failed to cross the resistance at 4100 on repeated attempt. It closed the day with a loss of 81.4 points in a very choppy session marked by rumours that pulled down the banking sector. Most of the sectors closed in the negative, worst hit being the banks and capital goods though some buying interest was seen in the cement stocks. As per the provisional data, FII remained sellers and DII were buyers on the bourses. All the world markets including Asia are down ranging from 2-5 %. Technically, nifty futures retreated from the strong resistance at 4100. This is the lower boundary of the gap left on Monday and has now turned into a significant resistance. It must move decisively above this level to signal end of the current downswing and change in the short term trend. The hammer line that had formed in the charts of Nifty futures and many pivots on the previous day signaling a short term bottom formation is likely to be broken today and will signal pattern failure accentuating the weakness in the charts. Its immediate resistance is in the 4100 region and must be decisively crossed if it is to give a pull back to the 4170, 4200 and 4216-4220 region, failing which it is likely to seek lower levels. A breach of the 3920 region may push it back to the 3856, 3800 levels. If the 3761 low formed on July 16th is broken, fresh panic is likely to set in plummeting it to the 3700 region. The weak weekly charts continue to give negative effect and it needs to be seen when the gap from 4216-4099.9 left on Monday will be closed. Markets are likely to open gap down on dismal global sentiments and then chart their own course as the day progresses. Volatility may remain high so make the best of it.

Resistance: 4050, 4085, 4100-4105, 4160, 4200, 4216-4220

Support: 4000, 3938, 3920, 3900, 3856, 3800, 3760, 3700

Infosys (1579): Short position may be taken in this counter with a stop if prices move decisively above 1620 for a target of 1520, 1510 and 1510. The downswing may gain fresh momentum below 1500 and it may then slide to 1480, 1475 and 1450 region.

Resistance: 1594, 1600, 1620, 1645, 1650

Support: 1550, 1520, 1510, 1500, 1480, 1475, 1450, 1420

Kotak Bank (553.2): Short position may be taken in this bank with a stop if prices move decisively above 575 for a target of 530, 510, and 500. The downswing is likely to gain fresh momentum if the 500 region is broken decisively and may then move down to 475.

Resistance: 560, 575, 590, 600

Support: 530, 520, 510, 500, 475, 450

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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