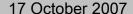
Market Outlook





Nifty Futures (1 month series): (5689)

Markets sentiments have turned negative as Sebi has proposed restrictions on participatory notes, an offshore derivative instrument-ODI-used by foreign investors to play in the Indian markets by investors unwilling to register with Sebi or are barred from doing so after the closure of markets on Tuesday. The ODI will not be renewed or issued from immediate effect and they are required to wind up current positions over the next 18 months. As per the Sebi proposal the restriction will be applicable to stocks as well. This is likely to have a negative impact on the markets as it was liquidity that was driving up the bourses spelling into the sharp rally taking place. Oil too has closed at the record high. This too have will have a negative effect since the problems brushed under the carpet in heady times, take its toll later. Technically, its immediate support is now in the 5620 region and below that 5560 region is the next strong support. In a corrective downswing 5475 will now be the strong demand line and as long as it sustains above 5265 on declines, the uptrend remains strong and intact. The 5725 – 5765 zone is infested with resistances and some consolidation is needed before this region can be crossed and markets are likely to take a breather in this region. The Global cues are weak and we are now grappling with a problem unique to us so markets are likely to open in the negative and a gap down opening may well take place. Bottom picking is not advised right away, though those who are agile may trade any side of the swing with protective stops. Volatility may remain high so caution is advised.

Resistance: 5695, 5721, 5820

Support: 5620, 5560, 5500, 5475, 5415, 5400, 5365, 5300, 5265, 5224, 5200,

GAIL (433.65): Short positions may be taken in this counter since the 444.8 region has resisted it for consecutive days with a stop above 445 for a target of 410 and below that 400 and a pessimistic target of 389. The downswing is likely to gain momentum below a decisive breach of 389.

Resistance: 445, 452, 470 **Support**: 410, 389, 360

REL(1900.85): Short positions may be taken in this counter with a stop above 1960 for a target of 1800. The upswing is likely to gain fresh momentum if it can sustain above 1960 decisively.

Resistance: 1936, 1945, 1960,

Support: 1900, 1885, 1870, 1850, 1800, 1780

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 if 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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