

Weekly Trend Watch

Bull power

INDIA OUTLOOK

Equity indices: India indices maintained their advance through the week. The Sensex has now broken out of a broader band (above 13400) and a major descending trend line. Also, it has crossed the 61% retracement level of its recent precipitous fall. All these are positive pointers and indicate renewed bullishness in the medium-term trend. The index once again displays a healthy structure while converging with its long-term trend, which remains bullish. Once it crosses the psychological level of 14000, the index is expected to move towards its earlier top of 14725.

Index	Close	WoW change	Comments	Key support	Key resistance
BSE Sensex	13897	+3.83%	Bullish	13400	14150
BSE200	1655	+3.43%	Bullish	1575	1700
NSE Defty	3385	+6.78%	Bullish	3315	3460
BSE PSU	6353	+4.16%	Bullish	6300	6410
BSE Cap Goods	9798	+3.45%	Bullish	9700	9865

GLOBAL OUTLOOK

Commodities: Prices of Aluminium continue to face stiff resistance around the level of 3000. Zinc and Copper prices are reversing their negative trend. Zinc prices have initiated a rally and present an encouraging picture for the short term. Copper prices have caught momentum to move further up. Gold and Silver prices maintain an overall positive bias. Crude oil prices have stayed above the major resistance level of \$65. They are now expected to move towards \$75 in due course as the short-term trend has caused a shift.

Currencies: The Euro is now capitalizing on the new support level around 1.28. It maintains a strong trend for the medium term. The USD is trying to stabilize against the Yen after encountering a steep fall. The support level around 116 holds the fort. The INR continues to display a strong trend against the USD. The USD has now broken below the support level of 44. Overall downward trend is expected to continue further.

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

Country	Index	Closing	Key comments
USA	NASDAQ	2505	Bullish
Australia	Australia All Ordinaries	6187	Bullish
China	Shanghai SE	3584	Bullish
Hong Kong	Hang Seng	20567	Strong resistance at 20900
Japan	Nikkei	17453	Trying to restore momentum
S Korea	KOSPI	1533	Bullish

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BSE SENSEX

INDEX WATCH

Momentum indicators: The fast moving 'Stochastic Momentum Index' has crossed above its trigger line, whereas the 'MACD' is still maintaining the negative crossover.

Moving average set up: The moving average set up is displaying a positive trigger.

Outlook: The Sensex has broken out of a band (above 13400) and has stayed above the same. Also, it has broken above the descending trend line and the 61% retracement level of the recent precipitous fall. All these are positive pointers. The index displays a healthy structure and looks poised for further growth. Sensex is now eyeing the psychological level of 14000, which happens to be the immediate target. Sustained trading beyond the same would lead the index towards its earlier top at 14725.

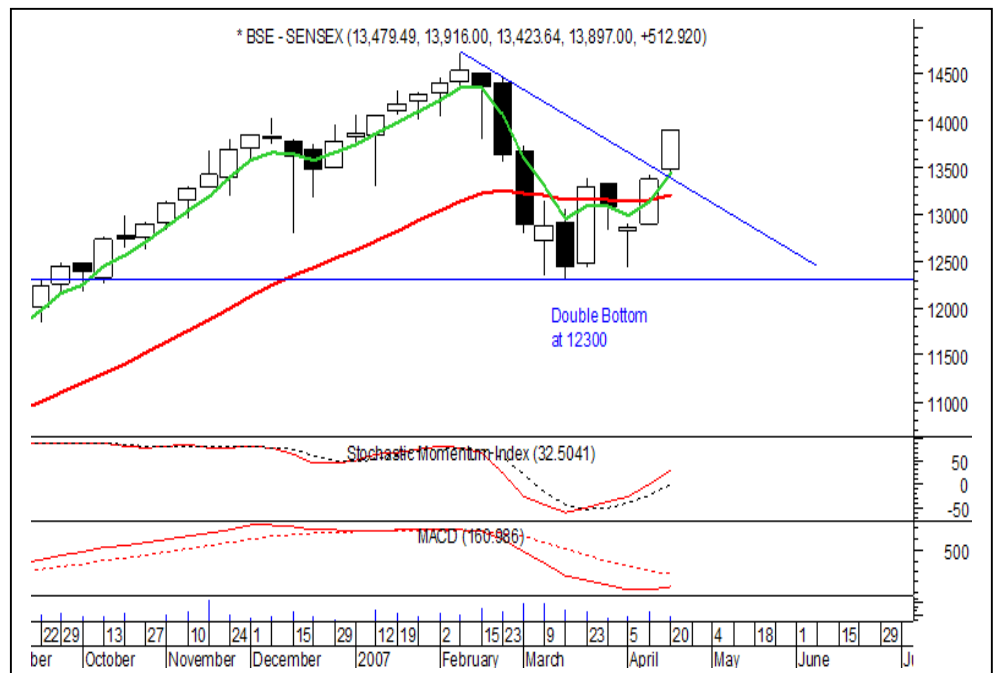
BSE SENSEX (13897)

Gain/Loss over the week: Up 513 points (+3.83%)

Outlook: Bullish

Our tools: We have used a weekly candlestick chart along with the MACD, Stochastic Momentum Index and moving averages.

Support	13710	13525	13400
Resistance	13940	14080	14150



BSE200

INDEX WATCH

Double Bottom and breakout: This index has created a 'Double Bottom' around 1460. Also, it has succeeded in breaking the descending trend line.

Momentum indicators: The medium-term 'MACD' is still showing negative crossover while the fast moving 'Stochastic Momentum Index' has maintained its positive trigger.

Outlook: The BSE-200 has started to display an optimistic structure as it capitalized fully on the strong support zone around 1450. Moving averages have again staged a crossover and the descending trend line stands broken. All these are optimistic signs and point towards a further upmove.

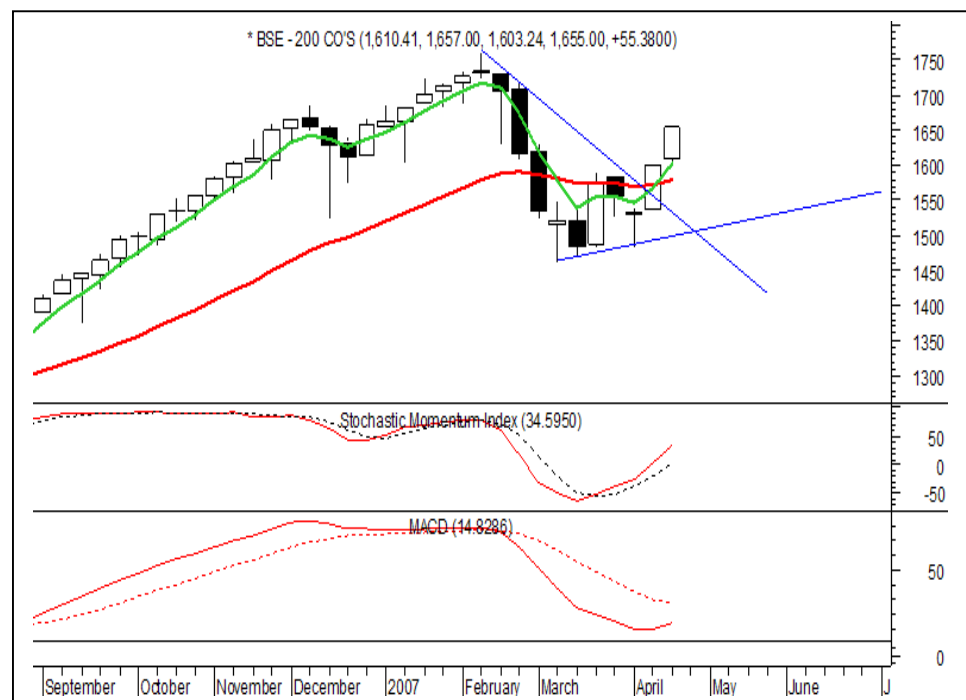
BSE200 (1655)

Gain/Loss over the week: Up 55 points (+3.43%).

Outlook: Bullish

Our tools: We have used a weekly candlesticks chart along with momentum indicators to illustrate our view

Support	1600	1575	1550
Resistance	1675	1700	1740



SECTOR WATCH

CNX Defty (3385) up 215 points (+6.78%): This index has now crossed its all time top, thus remaining ahead of all. It now looks poised for further growth.

BSE PSU (6353) up 254 points (+4.16%): The PSU index is now nearing its previous all time top. A break above the same would throw it in a new orbit.

BSE Bankex (6914) up 274 points (+4.12%): This index is now reversing its trend. Today's closing, which stands above the resistance level of 6896, can give a boost to the momentum.

BSE Teck (3722) up 84 points (+2.30%): BSE Tech has broken out of a congestion pattern. The prices are now converging with its long-term trend and look all set to move towards their previous top.

BSE Cap Goods (9798) up 327 points (+3.45%): This index is now displaying a bullish structure while moving along the ascending trend line. It now stays well within the vicinity of its previous top, which can be broken in the coming weeks.

BSE Healthcare (3793) up 106 points (+2.87%): This index is now in the process of reversing its medium-term trend. A further rise and a break above the level of 3850 can take the index into a new orbit.

CNX Defty

Supports	3350	3315
Resistances	3425	3460

BSE PSU

Supports	6300	6235
Resistances	6410	6480

BSE Bankex

Supports	6860	6835
Resistances	6945	6980

BSE Teck

Supports	3700	3665
Resistances	3750	3780

BSE Cap Goods

Supports	9700	9625
Resistances	9865	9920

BSE Healthcare

Supports	3760	3730
Resistances	3835	3870

COMMODITIES

Aluminium: Prices of Aluminium continue to move within a band. On the higher side, the level around 3000 is providing strong resistance. Only a breakout above the same can help regather the momentum.

Zinc: Zinc prices are bouncing back from the support zone around the level of 3000. They currently present an encouraging picture for the short term while moving towards the level of 4000.

Copper: Copper prices continue to rise vertically after breaking the major descending trend line. A further breakout above the level of 8000 would lead this metal towards its earlier top around 8800.

Gold: Gold prices maintain a long-term bullish trend. They have now gathered momentum to move towards the psychological level around \$700.

Silver: Silver prices have again caught momentum as a fresh rally has started. The prices are now expected to move towards \$15.

Crude oil: Crude prices have crossed the resistance level of \$65. Their short-term trend has again turned positive. A further upside looks possible in the coming weeks.

Aluminium (\$2800)

Strong Resistance around 3000

Zinc (\$3595)

Encouraging signs

Copper (\$7941)

Riding the momentum

Gold (\$685.20) April 2007 Futures

Supports	670	645	
Resistances	700	725	745

Silver (\$14.052) Apr. Futures

Supports	13.80	13.45	13.20
Resistances	14.35	14.60	14.85

Crude Oil (\$68.63) May. Futures

Supports	67.65	67.00	66.20
Resistances	69.00	70.20	71.00

CURRENCIES

Dollar/Rupee: The dollar has been weakening continuously after breaking the support level of 44. It presents an overall weak picture and is headed for a further downside.

Euro/Dollar: The Euro continues to show a strong trend against the USD. It has created a new support level for itself around 1.28 and is currently capitalizing on the same.

Dollar/Yen: The dollar has bounced back from the support level around 116 while plying in an ascending channel. Overall, it continues to present an optimistic picture.

Dollar/Rupee (41.84)

Supports	41.40	41.00
Resistances	42.40	42.75

Euro/Dollar (1.3606)

Supports	1.3580	1.3500
Resistances	1.3675	1.3730

Dollar/Yen (118.44)

Supports	118.00	117.10
Resistances	119.30	120.00

GLOBAL EQUITIES

NASDAQ: This index is now hovering around its recent top of 2531. It has gathered adequate momentum and is expected to cross the aforesaid top in the coming weeks.

Australia All Ordinaries: The AAO is displaying absolute bullishness in its long-term trend. A further upmove is in the offing.

Shanghai SE Composite: This index has broken out of a congestion band to move in a new orbit. It continues to maintain a bullish picture for the medium and long term.

Hang Seng: This index has repeatedly failed to cross its recent top around 20900, thus creating a strong resistance for itself around the same. A short-term positive stand can be taken on a fresh breakout only.

Nikkei: The Nikkei is again attempting to initiate an upmove. A decisive break above 17580 is required for a push towards its earlier top.

KOSPI: The Kospi has maintained its higher top higher bottom formation. It is needless to mention that the index displays a positive structure and is poised for a further upmove.

Taiwan Weighted: The TWI is receding from the higher levels as a correction has set in. However, its main trend remains bullish and the prices can again gather momentum once the current corrective phase is over.

NASDAQ (2505)

Supports	2475	2450
Resistances	2535	2570

Australia (6187)

Supports	6140	6080
Resistances	6235	6270

China (3584)

Supports	3545	3510
Resistances	3600	3640

Hong Kong (20567)

Supports	20450	20370
Resistances	20700	20780

Japan (17453)

Supports	17350	17260
Resistances	17530	17610

Korea (1533)

Supports	1500	1470
Resistances	1560	1585

Taiwan (7943)

Supports	7880	7825
Resistances	7985	8020

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