

Nifty Futures (Front month series) :(5779.8)

The bearish pattern formed on the last day of the week day continued to give its effect as Nifty futures slipped further in the red on opening day of the new week which began with some show of strength in the face of global bearishness as rest of Asia was already trading in the negative when our markets opened. After a weak open, the markets slipped but took support around the 5926 region. It moved range bound in the 5926 – 5960 band for sometime and appeared to be stabilizing when fresh hammering broke the 5926 support and the markets crashed down to the 5745 region in the highest single day fall and closed the day after a mild recovery from the worst levels with a loss of 292 points. The fear of stagflation in the US and apparently lower tax collection from the frontline stocks Reliance and SBI accentuated the already weak sentiments that snowballed into the slide. All the sectors were down and the small caps and midcaps too joined the downswing with the already falling large caps. Technically, Nifty futures has signaled weakness having broken a number of supports in one of the worst slides. A decisive breach of the 5745 level is likely to take it down to the 5660 region which is the next strong support below which the target would be 5600. On the higher side, strong resistance will now be seen in 5926 region though the immediate resistance is at 5810 and 5880. It must sustain decisively above 6020 for signaling some strength and above 6120 to signal resumption of the upswing. The US markets have slumped further on Monday as investors were skeptical that a special Federal Reserve credit auction will be a solution to economic and credit woes. Europe closed the day with losses and rest of Asia has opened in the negative. Markets here are likely to open weak and a gap down open could well be on the cards on bearish global cues and high volatility may be expected as they chart their own course subsequently so caution is advised.

Resistance: 5810, 5880, 5926, 6020, 6092, 6122, 6168, 6200

Support: 5757, 5716, 5660, 5600, 5550, 5518, 5420

Suzlon energy (1829): This counter has given a bearish breakout below 1917 on enhanced volumes and has breached the supports at 1895 and 1848. Short positions may be taken on swings preferably in the 1848 region with a stop above a decisive breach of 11900 for a initial target of 1750 and below that 1730.

Resistance: 1848, 1900, 1917, 1950

Support: 1800, 1750, 1730, 1700

Bajaj Auto(2791.55): This counter has been unable to cross the 2858 region on tow consecutive attempts and short positions may be taken on swings with a stop above a 2860 for a target of 2750. The downswing is likely to gain fresh momentum below a decisive breach of 2744.

Resistance: 2795, 2800, 2858, 2875

Support: 2750, 2744, 2700, 2695

Ansal Properties (387.5): This counter is correcting after a sharp upswing and has exhibited strength on the last day. If it gets support in the 360 region on downswing, long position may be attempted with a stop below a decisive breach of 344 for a pull back to the 393 and 400 region.

Resistance: 393, 400, 411, 428

Support: 376, 366, 360, 346, 329

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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