

## **Nifty Futures (Front month series):(3161.9)**

Markets opened flat on mixed global cues on the last day and profit taking ensued soon after opening. Nifty futures opened the day around the previous day's close, open and high being the same at that point and slipped down to a low of 2993 soon after. It then turned range bound for the better part of the day but gained upside momentum in the latter session, moving up in a strong and steady swing to close the day around the high and with a gain of 280 points, crossing the resistance at 3100, 3150 in the move. Most of the sectors closed in the positive though the star performers remained Banks and Capital goods sector and IT closed in the negative, being under pressure as rupee gained against dollar. As per the provisional data FII and DII pressed sales on bourses on the last day. Clearly liquidity is being provided from central banks and governments to show that the banks can continue to function and there is a belief that sufficient capital will be found to plug the holes. Borrowing costs fell to the lowest levels since before the collapse of Lehman Brother's. Interbank lending rates have tumbled world wide as Central banks lower interest rates. Libor or London interbank offered rate slid to 2.71 percent. Australia has cut interest rate by 75 basis points on the last day. It is widely expected that European central Bank, ECB and Bank of England will cut interest rates by 50 basis points tomorrow as policy makers are willing to use interest rate to boost the shrinking economy. US markets surged on the day of the US presidential elections as investor are buying in the expectation of the year end rally. Europe closed on a buoyant note as Banks and oil gained, up by 2.66-8.05 percent. Asian markets have opened upbeat, up by around 2.5-6.3%. Given this scenario our markets are likely to open strong and a gap up opening could well take place since Singapore nifty is trading above 3200 levels. Technically, Nifty future has moved up in a strong and steady swing last day signaling more upside. Its immediate resistance is now in the 3200 region above which it can move up to 3260 and 3300 levels. A close above 3300 at this juncture will, however, signal fresh momentum and it may then target 3400 with some resistance at 3335. On the lower side, the earlier resistance has now become supports. Its immediate support is in the 3150 region below which 3100, 3050 and 3000 is a strong support. The critical support now is at 2945 and a breach of this level will be a cause of concern for the bulls. We may expect range bound movement and some consolidation once the sharp swings are arrested and fresh lows are no longer posted on downswings. Markets are likely to open gap up on favourable global cues and may then chart its own course as the day progresses. Volatility may remain high so make the best of it.

**Resistance:** 3200- 3220, 3300, 3335, 3400

**Support:** 3150, 3100, 3050, 2990-3000, 2945, 2900

**Axis Bank (640.45):** Long position may be taken in this counter on dips with a stop if prices move decisively below 619 for a target of 650, 670 and 680. It will, however, turn bearish below a decisive breach of 600 and may then move down to lower levels.

**Resistance:** 650, 670, 680, 700

**Support:** 636, 630, 624, 619, 614, 605, 600, 596, 580

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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