

Technical Analysis

Cave in...

India Outlook

After an affirmative start to the week, the Nifty cracked down after scaling a high of around 5175. The last few days of the week saw the bears rearing its head again as the Nifty ended the week at the lower end of the trading range.

Post the weekly close at 4867, it may now be a good time to ponder over the larger picture of the trend in the weeks ahead. Ever since the Nifty broke the level of 5300 with a gap down, we have maintained a bearish bias. Post this outlook, Nifty declined to around 4700. Even though the Nifty attempted a pull back of around 450 points till around 5200, we still upheld our weak stance in the medium term. The action in the last two days of the week clearly exemplifies this confident view. In the short term, the breach below 4900 has clearly put the bears in the drivers seat. The downmove concocted with an intense momentum only points to more severe pain for the market in the days ahead. Bearish sentiment should prevail over the next few weeks which can result in Nifty slipping its way till 4700 or lower. Another support on the downside should emerge at the level of 4500. The technical indicators confirm such a bearish hypothesis as well.

In the Midcap Index, the level of 7000 remains a stronghold for the bulls. A break below should accelerate its slide towards 6500 or lower.

Key Indices

Index	Close	WoW change	Short-term outlook	Key support	Key resistance
BSE Sensex	16162	-4.57%	Weak	15600	17000
NIFTY	4867	-4.27%	Weak	4800	5200
CNX Defty	3422	-7.94%	Weak	3300	3900
BSE PSU	7485	-3.51%	Weak	7000	8000
BSE Bankex	10760	-3.47%	Weak	10000	11300

Global Outlook

Commodities: Metals can continue to consolidate with a bearish bias. In bullion, Gold's trend still remains positive as long as it stays above \$1700. Silver has broken significant support and is likely to remain weak. Brent Crude downtrend could have resumed.

Currencies: USD/INR's trend remains up. Euro/Dollar persist with its weakness. Dollar/Yen shall continue to remain subdued as long as it stays below 78. The uptrend in DXY is likely to continue.

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

Country	Index	Closing	Key comments
USA	S&P500	1129	Negative
China	Shanghai	2433	Weak
Hong Kong	Hang Seng	17762	Negative
Japan	Nikkei	8320	Sideways to Negative
MS Emerging Mkt	MSCI	880	Negative

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Index Watch

NIFTY (4867)

Gain/Loss over the week: down 217 points (-4.27%)

Outlook for next week: Weak

Our tools: We have used a weekly candestick chart along with momentum

Support	4800	4725	4650
Resistance	4950	5150	5200

Negative Crossover of Indicator: The weekly oscillator is currently exhibiting a negative crossover.

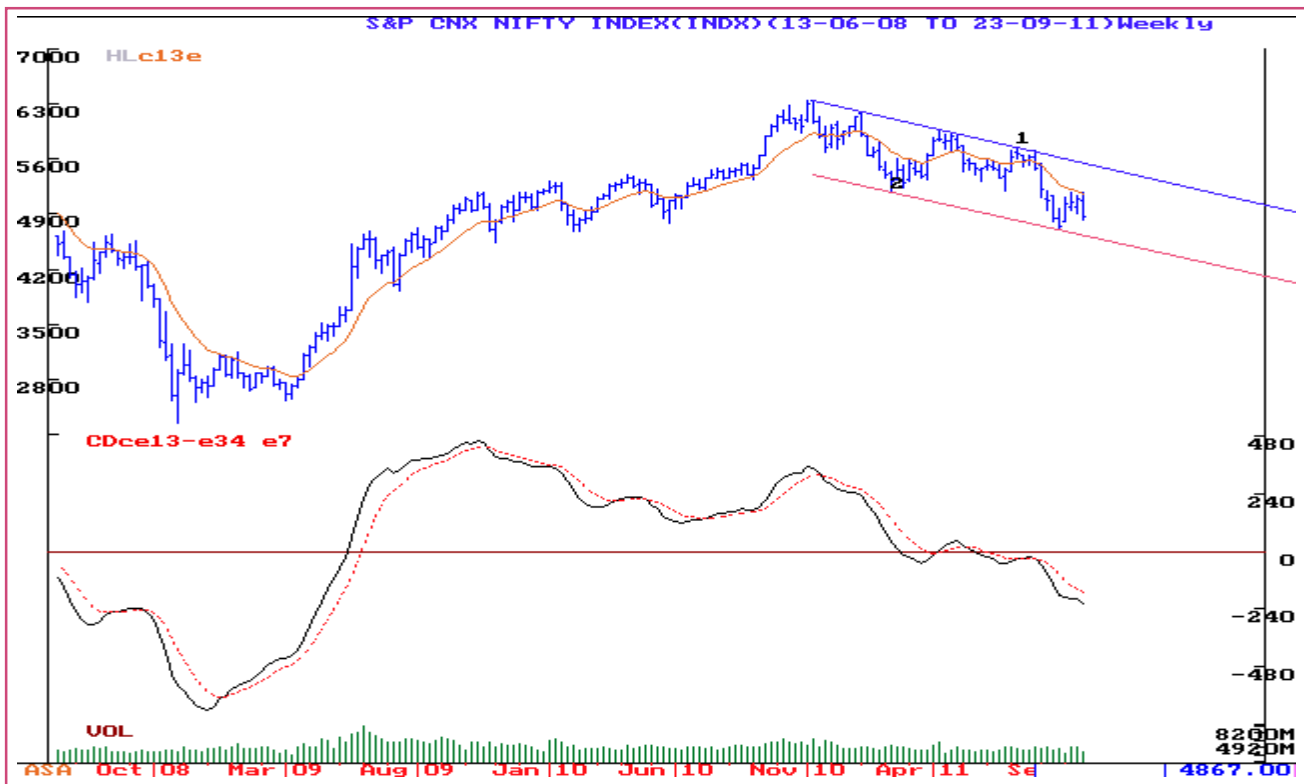
Trend line support: Nifty has formed a trendchannel as illustrated in the chart below. The trend channel has been formed over a period of around one year and hence supports and resistance in this channel holds a lot of significance.

Outlook:

We had been stating a bearish bias in the medium term due to the following reasons a) The Nifty is trading below an important medium term moving average. b) It is confirmed by medium term indicator which is also confirming this bearish possibility.

Due to these two reasons, Nifty remains in the grip of a bear trend. Any continuation of this weak sentiment can result in Nifty slipping towards the level of 4700 followed by 4500.

Hence, we retain our bearish view for Nifty in the medium term.



Index Watch

NSE Midcap (7185)

Gain/Loss over the week: down 161 points (-2.19%)

Outlook for next week: Weak

Our tools: We have used a weekly candlestick chart along with momentum

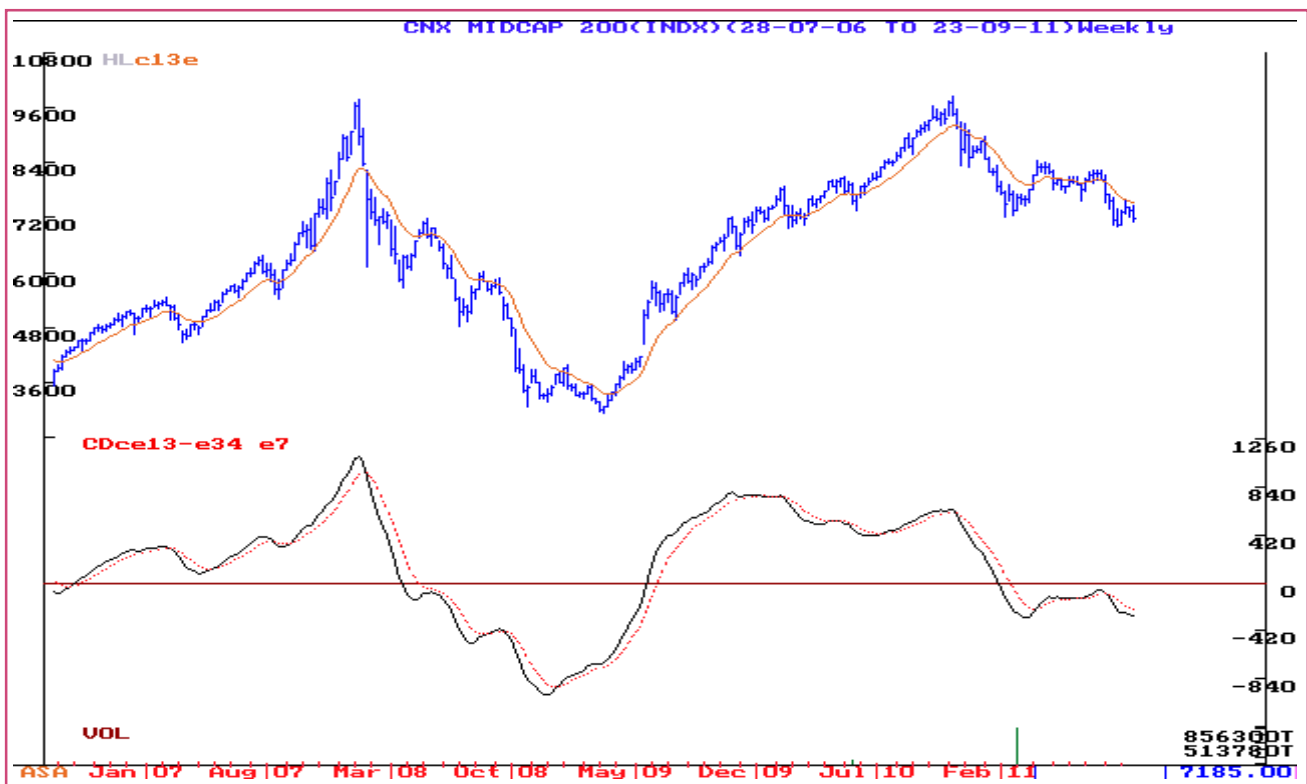
Negative cross over : The weekly oscillator is currently exhibiting a negative crossover.

Medium term Moving Average: The index is currently trading below an important medium term moving average.

Outlook : It is clearly implied looking at the charts that the trend of the index is showing formations of a lower top-bottom. This indicates that the medium term trend of the index is weak. Also, the supporting technical indicators are exhibiting a negative crossover and important medium term moving average confirms the bearish trend of the index.

The level of 7000 is a significant level of support in the short term. A break below it can accelerate the decline for this index towards 6500 or lower.

Support	7000	6750	6500
Resistance	7250	7400	7500



Sector Watch

CNX Defty (3422) down 295 points (-7.94%):

CNX Defty

CNX Defty		
Supports	3400	3200
Resistances	3500	3750

The trend of CNX Defty has further weakened. It remains in a downtrend and can slip further in the coming week.

BSE PSU (7485) down 272 points (-3.51%):

BSE PSU

BSE PSU		
Supports	7400	7200
Resistances	7650	7900

The trend of BSE PSU now appears vulnerable. A fall below 7400 can crack the index further.

BSE Bankex (10760) down 387 points (-3.47%):

BSE Bankex

BSE Bankex		
Supports	10600	10200
Resistances	11250	11500

BSE Bankex also fell in line with other indices. This index is likely to weaken further.

BSE IT (4985) down 110 points (-2.16%):

BSE IT

BSE IT		
Supports	4900	4700
Resistances	5200	5300

BSE IT consolidation could have ended this week. It is most likely to weaken further in the coming week.

BSE Cap Goods (11164) down 897 points (-7.44%):

BSE Cap Goods

BSE Cap Goods		
Supports	11000	10800
Resistances	12000	12400

The BSE Capital Goods closed at the lower end of its trading range. The closing indicates that it is most likely to experience further pain in the coming week.

BSE Auto (8419) down 136 points (-4.35%):

BSE Auto

BSE Auto		
Supports	8400	8300
Resistances	8500	8750

BSE Auto's short term trend could have reversed below 8500. The short term trend is weak and any continuing weakness can take it closer to 8000 level.

Commodities

Aluminium (\$2227)

Aluminium		
Supports	2200	2150
Resistances	2350	2450

Aluminium continues to move with a negative bias. Its short term trend is clearly down and further downsides can be expected in the coming week.

Aluminium

Zinc (\$2009)

Zinc		
Supports	2000	1900
Resistances	2100	2200

Zinc also slipped last week and is currently hovering around a strong support. Its trend remains weak for now.

Zinc

Copper (\$7674)

Copper		
Supports	7500	7000
Resistances	8000	8500

Copper declined considerably after breaking the important support of \$8500. Its trend is clearly down and can further slip towards the level of \$7000.

Copper

Gold (\$1711)

Gold		
Supports	1700	1600
Resistances	1800	1900

Even though Gold has remained subdued for the major part of the week, its medium term trend still remains positive. We retain our positive bias as long as it holds above \$1700.

Gold

Silver (\$33.24)

Silver		
Supports	33.00	31.00
Resistances	36.00	38.00

Silver's trend has weakened considerably below the breach of \$37.00. Its trend is likely to remain weak in the coming week.

Silver

Brent Crude (\$104.12)

Crude oil		
Supports	103.00	100.00
Resistances	110.00	115.00

Brent Crude declined considerably below the level of \$110.00 last week. This confirms that the previous upmove from \$100 to around \$115 was only a pullback to the medium term downtrend. Its trend is clearly headed south towards \$100 or possibly lower in the coming weeks.

Crude Oil

Currencies

Dollar/Rupee (49.52)

Dollar/Rupee		
Supports	49.00	48.00
Resistances	50.00	51.00

USD/INR's direction and momentum on the upside is showing no signs of abating. Since, it has been making large strides, the range for USD/INR in the short term appears large. Any further advances can take it closer to the resistance of \$51.00 and \$52.00.

Dollar/Rupee

Euro/Dollar (1.3499)

Euro/Dollar		
Supports	1.3300	1.3100
Resistances	1.3600	1.4000

Euro/Dollar has been declining on anticipated lines. Its trend still remains weak and can target towards level of 1.3000 in the coming week.

Euro/Dollar

Dollar/Yen (76.34)

Dollar/Yen		
Supports	76.00	75.00
Resistances	77.00	78.00

Dollar/Yen continues to remain subdued with a negative bias. This nature of the move should persist as long as it stays below 78.00.

Dollar/Yen

Dollar Index DXY (78.25)

Dollar Index - DXY		
Supports	77.50	76.00
Resistances	80.00	81.00

In line with our view, DXY's uptrend continues to remain strong. Any further advances can take it closer to 80.00 level.

Dollar Index - DXY

Global Equities

S&P 500 (1129)

S & P 500

S&P 500		
Supports	1100	1025
Resistances	1175	1225

Our cautious upside view in S&P 500 stands vindicated after it slipped considerably from the highs of around 1220. Its trend clearly remains down and a breach of 1100 can weaken the trend further.

Brazil (53280)

BOVESPA

Brazil		
Supports	52500	50000
Resistances	57750	58850

Bovespa has retraced sharply and has also breached the important support of 54000 in the process. Its trend is clearly down and further declines can be expected in the coming week.

China (2433)

Shanghai SE Composite

China		
Supports	2400	2350
Resistances	2525	2600

SSE's weakness has enhanced after breaching the support of 2450. Its trend clearly remains down and any positive development can occur only above 2525.

Hong Kong (17762)

Hang Seng

Hong Kong		
Supports	17400	17000
Resistances	18000	18600

Hang Seng remains sentimentally bearish. A continuation of the downtrend can result in further declines towards 17000 or lower.

Japan (8320)

Nikkei

Japan		
Supports	8500	8400
Resistances	8750	8900

Nikkei remains in the grip of sellers although its downtrend could be losing steam. It can continue to drift south as long as it stays below 8900.

United Kingdom (4950)

FTSE

United Kingdom		
Supports	4900	4750
Resistances	5100	5250

The decline in FTSE from around 5400 could be the beginning of a larger crack in the medium term. A firm closing below 5000 can result in another round of declines towards 4750.

MS Emerging Markets (880)

MSCI - EMI

MS Emerging Markets		
Supports	860	800
Resistances	950	1000

MSCI EMI directionally remains southbound. The level of 860 is the nearest area of support below which it can slip towards 800.

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