

Nifty Futures (Front month series):(4908.9)

Nifty futures opened with a bullish gap on buoyant global cues and surged ahead with no attempt to close the gap. The rally was triggered by a better economic outlook for US and was also fuelled to some extent by short covering but volumes were thin. Most of the sectors were firm and nifty futures closed the day with a gain of 277.95 points and leaving a bullish gap of 91 points behind. The US markets have retreated again on fresh economic and sub prime concerns and though Europe closed mixed, Asia has opened in the red. Given this scenario markets are likely to open flat or negative today. 5200 is a strong resistance and nifty futures must close decisively above this level to signal strength. On downswings the 200 ema posited at 5083 is likely to give initial support and a decisive breach of this level will be a cause of concern to the bulls. Technically, 5000 is the critical support level and as long as it holds on declines the upswing is expected to continue. A decisive breach of this level is likely to signal fresh weakness and it may then move down to 4800 region again. Below 4800 the trend will turn weaker and may lead to a retest of the 4650 but it seems less likely at this juncture. On the higher side, above 5200 it is likely to move up to 5340 with some resistance at 5240 and 5280. Given the strong closing of the markets yesterday and the subdued international cues, volatility is likely to remain high so caution is advised.

Resistance: 5200, 5240, 5280, 5340, 5395

Support: 5100, 5080, 5000, 4950, 4880, 4800, 4745, 4650.

Axis Bank (993.2): Short position may be taken in this counter if it is unable to move above 1025 on rises with a stop above a decisive breach of 1041 for a target of 980 and 965 below that.

Resistance: 1000, 1025, 1040, 1085

Support: 990, 980, 965, 947, 920

BEL (1492.6): Long position may be taken in this counter on dips preferably in the 1460 region if it continues to hold with a stop below a decisive breach of with a stop below a decisive breach of 1440 for a target of 1520 and 1590 above that. It is likely to gain fresh momentum above 1600.

Resistance: 1500, 1520, 1590, 1600

Support: 1460, 1440, 1400

Dr. Reddy's Lab (537.6): Long position may be taken in this counter on dips preferably in the 524 region if it continues to give support with a stop below a decisive breach of 509 for a target of 555 and 565 above that.

Resistance: 374, 385, 400, 405, 425

Support: 360, 352, 343, 330

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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