

Nifty Futures (Front month series) :(6107.3)

As was widely expected, FED has cut the interest rates by 25 basis points but not aggressively by 50 basis points as was expected by some and hoped by many though it has left the door open for further rate cuts to energize the economy and help the credit and housing needs. Our markets have closed on a high note on the last day, above the important landmarks, 6000 level for Nifty and 20000 for the Sensex. Nifty futures closed the last day with a gain of 133.95 points in the 6100 territory after testing the high of 6124. The Auto, Healthcare and Metals performed but Realty was by far the best performing sector. The rally was broad based as the large caps joined the midcaps and small caps which had been moving for sometime. Technically, 6122 is now the immediate resistance for nifty futures and if it can move decisively above this level, it is likely to resume its upward journey to the next target of 6230 with some resistance at 6168 and 6200. On the lower side, 6092 is its immediate support and below that 6050 and 5965 remain strong supports. As long as it sustains above 5880 on dips, the current upswing remains intact. The 5800-5755 region is expected to hold on declines. A decisive breach of 5755 will weaken the short term trend and below 5600, the intermediate term trend will turn weak. The US markets reacted negatively to the FED announcement since there was some disappointment as the rates were not cut aggressively and there was reference to higher inflation due to rising energy and commodity prices and hints to slower economic growth. European market closed in the red and some of the Asian markets too have opened weak. Our markets may open flat or subdued and then charts its own course during the day. Volatility may remain high so caution is advised.

Resistance: 6122, 6168, 6230, 6300

Support: 6092, 6050, 6005, 5950, 5880, 5810, 5757, 5720-5700, 5600.

VSNL (657.25): Long positions may be taken in this counter on dips preferably in the 650 region with a stop below a decisive breach of 644 for an initial target of 665 and above that 675. It is likely to gain fresh momentum above a decisive close of 675.

Resistance: 665, 675, 6

Support: 650, 644, 635, 625

IDBI (225.1): Short positions may be taken in this counter on swings if it is unable to move above 230, since it has retreated from that level for two consecutive days, with a stop above 232 for a target of 220 and 215 below that. It is likely to gain fresh momentum if it can sustain decisively above 230.

Resistance: 230, 236, 241

Support: 224, 220, 215, 212

Maruti Udyog (1077.6): Long positions may be taken in this counter on dips preferably in the 1040 region if it continues to give support with a stop below a decisive breach of 1010 for a target of 1090 and above that 1100 and 1120. It is likely to gain fresh momentum above 1130.

Resistance: 1090, 1100, 1120, 1130, 1200

Support: 1052, 1040, 1010, 1000

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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