

Technical Analysis

Stock of the Week

Century Text: Rs 509

Trend : Positive

Period 3 - 4 months

Target : Rs590 - 600

6300 ? ? ?

India Outlook

Equity indices: The Nifty closed above 5500 this week thus indicating firm bullish behaviour. The movement is in line with our view. The medium term technicals are gaining bullish strength and point to further advances. We see the level of 5600- 5650 as crucial resistance for the Nifty. But a break out above this resistance will open the potential for a target of 6300. The Mid Cap index too remains firmly bullish and is indicating a target of 10,000+.

Key Indices

| Index | Close | WoW change | Short-term outlook | Key support | Key resistance |
|------------|-------|------------|--------------------|-------------|----------------|
| BSE Sensex | 18402 | +1.3% | Positive | 18000 | 18800 |
| NIFTY | 5531 | +1.4% | Positive | 5425 | 5700 |
| CNX Defty | 4109 | +1.6% | Positive | 3975 | 4225 |
| BSE CG | 14888 | +1.3% | Positive | 14300 | 15300 |
| BSE Bankex | 12527 | +2.7% | Positive | 12000 | 12900 |

Global Outlook

Commodities: Metals traded sideways during the week. Aluminium being the only exception. However, the overall bias for metals remains positive. Gold has risen mildly and Silver has been steady, but both lack any directional thrust at present. Crude continues to be weak, which is in line with our view. We remain negative on Crude.

Currencies: The USD/INR has been steady but continues to lack direction and choppiness is likely to continue. The Euro too has been steady but may decline to 1.26. The USD/JPY has been range bound and we may have to review our positive bias. Our short term bias on the DXY is positive.

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

| Country | Index | Closing | Key comments |
|-----------------|-----------|---------|----------------------------|
| USA | S&P500 | 1076 | Can decline to 1050 |
| CHINA | Shanghai | 2644 | Positive medium term trend |
| HONG KONG | Hang Seng | 20933 | Wait & watch |
| Japan | Nikkei | 9179 | Weak over medium term |
| MS Emerging Mkt | MSCI | 994 | Consolidation expected |

Index Watch

NIFTY (5531)

Gain/Loss over the week: up 79 points (+1.4%)

Outlook for next week: Positive

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

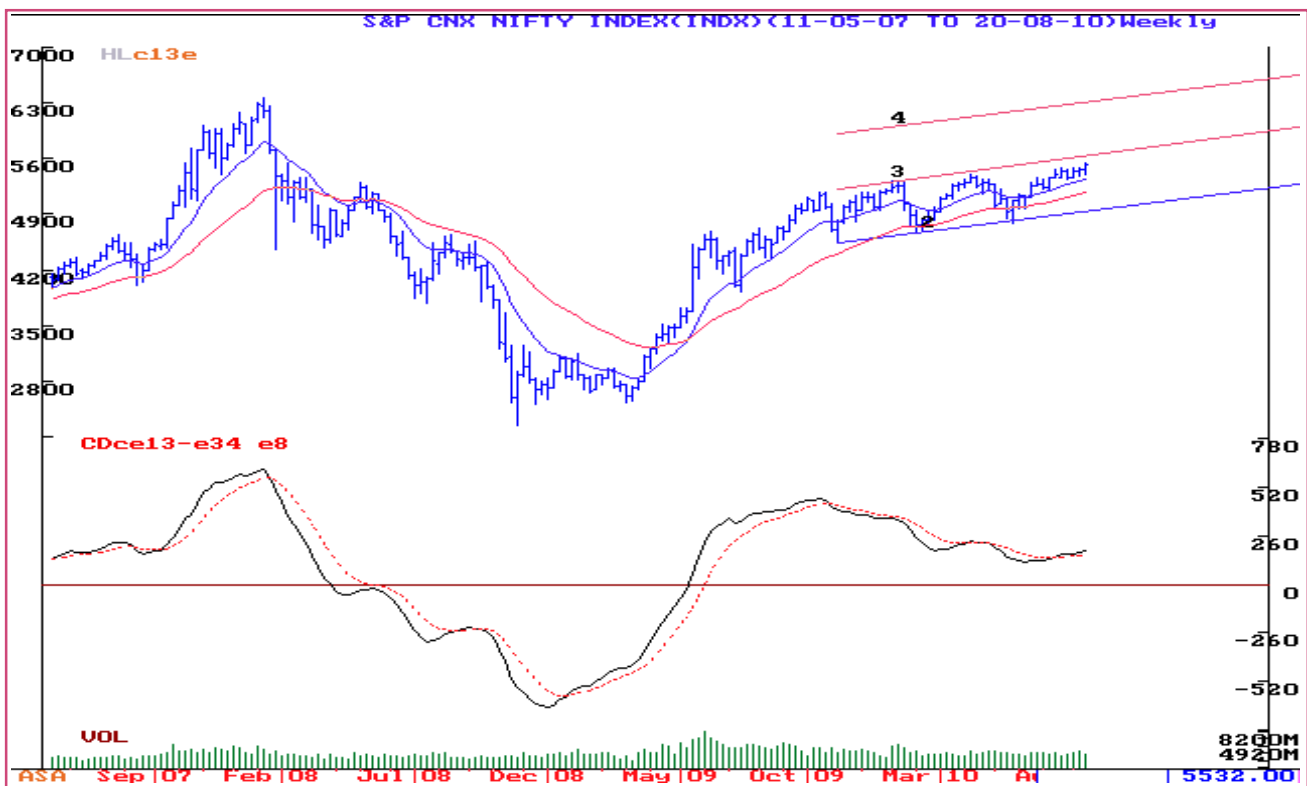
| | | | |
|------------|------|------|------|
| Support | 5500 | 5450 | 5425 |
| Resistance | 5575 | 5650 | 5700 |

Index is trading within a trendchannel in its weekly chart: The Nifty has been trading in a trend channel since November 2009. The upper line of the channel is indicated at 5635 while the supporting line is reading at 4940. A break out above this channel will open the potential for the Nifty to reach 6300.

Moving average crossover: The combination of medium and long term MAs used for tracking the trend are in positive positions, suggesting that over the medium term the trend is bullish.

Medium term momentum has gained strength: The medium term momentum (MACD) has turned up and is above its trigger line. This suggests that a bullish trend can develop which can sustain through time.

Outlook: The trend in Nifty remains positive in the medium term charts. It has overcome the resistance at 5475 which was our target level. The next resistance is likely to be in the range of 5600 - 5650, while the level of 5350 - 5325 can offer good initial support. The measuring implication of the channel indicates a target of 6300 for the Nifty. We expect the trend to remain positive and rise over the coming weeks.



Index Watch

NSE Midcap (8931)

Gain/Loss over the week: up 221 points (+2.5%)

Outlook for next week: Positive

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

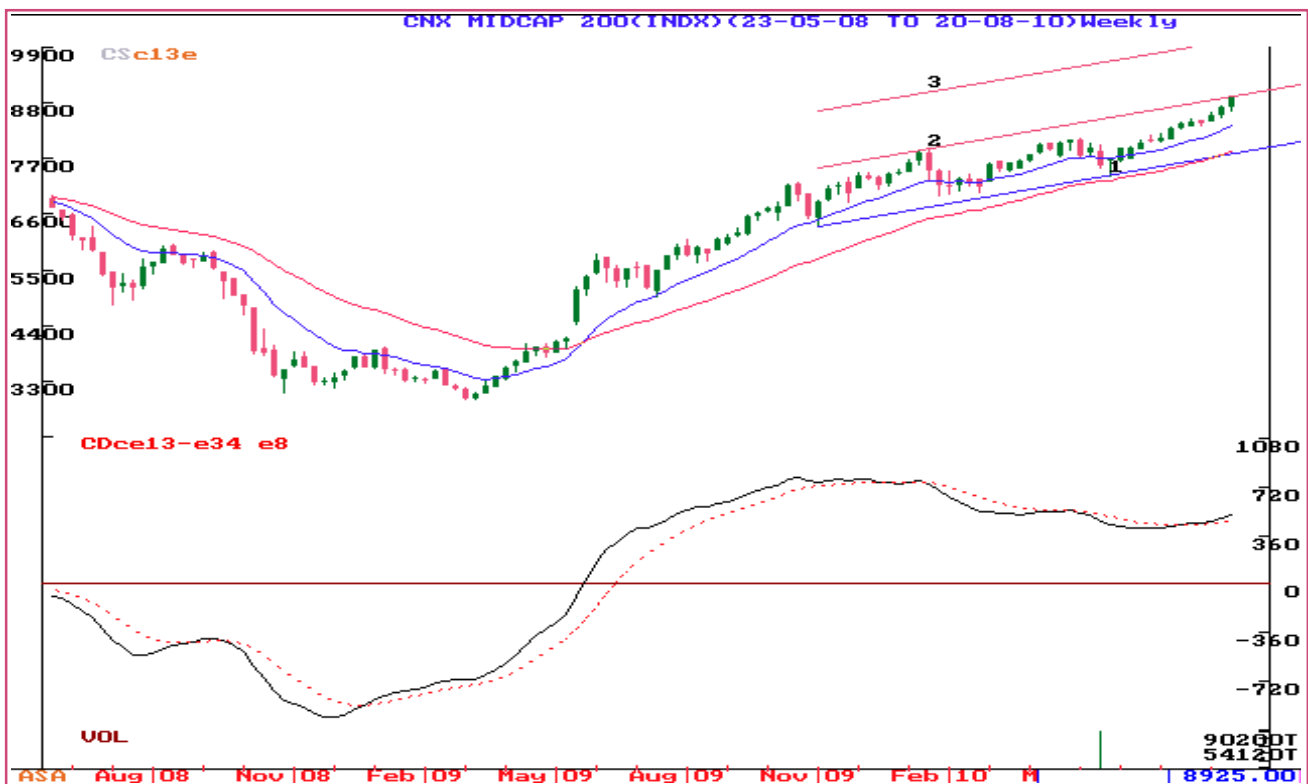
Trendchannel: The index is trading within a rising trendchannel over the last few months. This structure is essentially bullish in nature. The upper resistance line of the trend channel is presently reading at 8900. A decisive break out above this level yields a target of 10150 for the NSE Mid Cap index.

Moving Average cross over: The combination of short and medium term MAs used for tracking the trend in the weekly charts remain in a bullish cross over.

Momentum: The MACD indicator used here is moving up. It is in positive zone which is a bullish sign. The indicator has moved above its trigger line. This indicates that the uptrend is gaining momentum and this momentum can be sustainable over the medium term.

| | | | |
|------------|------|------|------|
| Support | 8650 | 8500 | 8300 |
| Resistance | 9000 | 9300 | 9500 |

Outlook: The Midcap index, in its weekly charts continues in its bullish trajectory. Its MAs as well as its momentum indicate strength. The index is on verge of breaking out of its trendchannel. The next target for the index is indicated at 10150. We are bullish on the prospects of this index and expect this target to be reached.



CENTURY TEXTILES

Price: CMP Rs 509

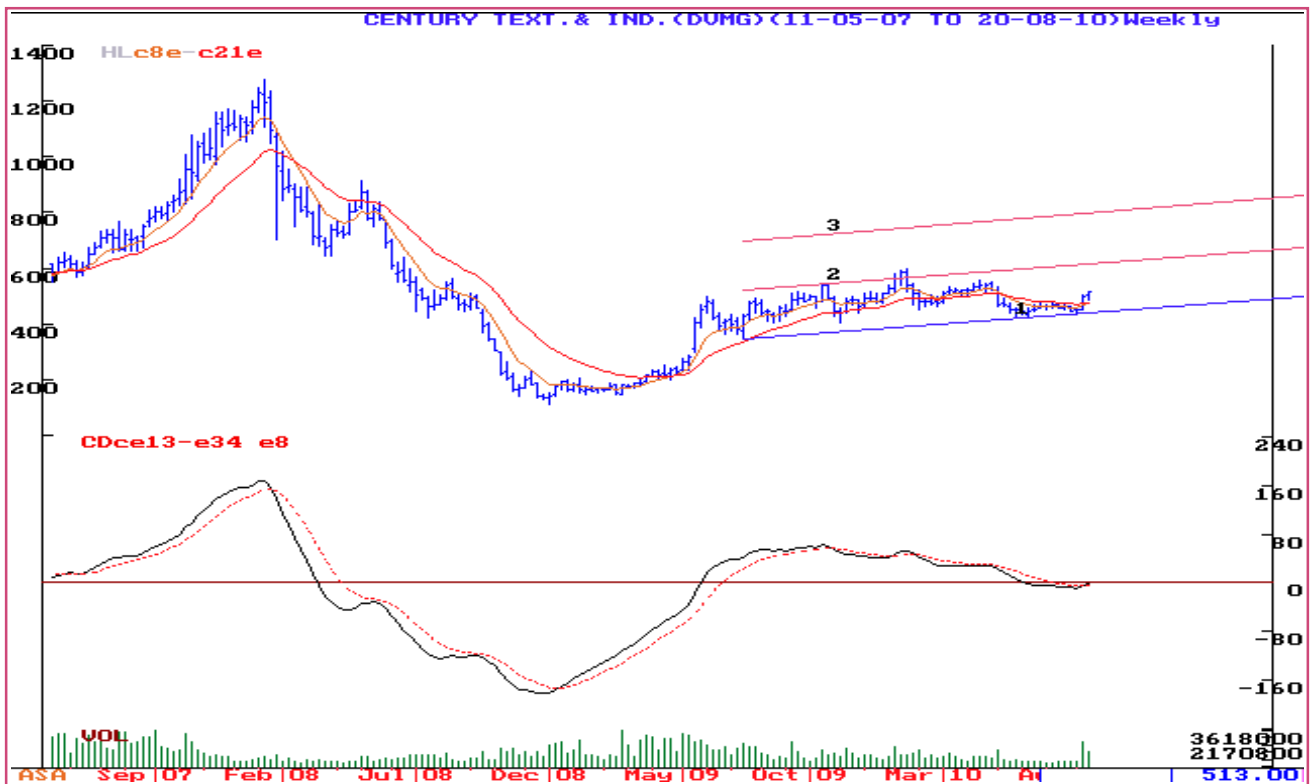
Outlook: Positive over the medium term.

Target Price: Rs590 - 600 in 3- 4 months.

Moving Averages crossover: The combination of medium and long term Moving Averages used for tracking the trend are just getting into a bullish position. From a medium / long term perspective this is a very early bullish signal.

Momentum gains upward bias: The medium / long term momentum (MACD) has started moving up. It has also moved above its trigger line which confirms a positive trend. The uptrend can be sustainable.

Recommendation: The price of Century is beginning to recover. This can be the early phase of an uptrend that could sustain in time . Momentum indicators are gaining strength from a medium / long term perspective. We expect the price to rise to Rs590 - 600 in the next 3 - 4 months.



Sector Watch

CNX Defty (4109) up 66 points (+1.6%):

CNX Defty

| | | |
|-------------|------|------|
| Supports | 4050 | 3975 |
| Resistances | 4150 | 4225 |

The Defty recovered after a short dip to close positive for the week. It remains within its trading range so far. However, the overall trend remains positive and a break above 4150 would be seen as a break out from the present range.

CNX Defty

BSE PSU (9707) up 32 points (+0.3%):

BSE PSU

| | | |
|-------------|------|------|
| Supports | 9500 | 9375 |
| Resistances | 9700 | 9900 |

The PSU index is still trading within its trading range. Medium term technicals remain positive and we expect the index to improve over a period of time.

BSE PSU

BSE Bankex (12527) up 331 points (+2.7%):

BSE Bankex

| | | |
|-------------|-------|-------|
| Supports | 12300 | 12000 |
| Resistances | 12600 | 12900 |

The Bankex advanced firmly this week in line with our view. Medium term indicators remain bullish and positive trends should continue. We are bullish on the overall prospects of this index.

BSE Bankex

BSE IT (5517) up 3 points (+0.1%):

BSE IT

| | | |
|-------------|------|------|
| Supports | 5475 | 5400 |
| Resistances | 5600 | 5725 |

The IT index closed flat this week and remains trapped in its sideways range. Medium term signals are yet to turn bullish. A move above 5700 would signal a bullish break out.

BSE IT

BSE Cap Goods (14888) up 198 points (+1.3%):

BSE Cap Goods

| | | |
|-------------|-------|-------|
| Supports | 14600 | 14300 |
| Resistances | 14900 | 15300 |

The Cap Goods index closed firmly positive on Friday. The underlying momentum in the trend remains positive. We expect the recovery to continue.

BSE Cap Goods

BSE Auto (8875) up 99 points (+1.1%):

BSE Auto

| | | |
|-------------|------|------|
| Supports | 8600 | 8700 |
| Resistances | 8950 | 9200 |

The Auto index has continued with its bullish trend. Its medium term indicators remain positive and we see more upside to the index from here.

BSE Auto

Commodities

Aluminium (\$2066)

| Aluminium | | |
|-------------|------|------|
| Supports | 2025 | 2000 |
| Resistances | 2100 | 2140 |

Aluminium has declined below its 200 DMA (\$2135). While this is a natural correction as we had expected, the depth of the decline is surprising. We prefer to wait & watch but retain our positive bias for the trend.

Aluminium

Zinc (\$2090)

| Zinc | | |
|-------------|------|------|
| Supports | 2025 | 1950 |
| Resistances | 2125 | 2175 |

Zinc prices are trading below its 200 DMA(2170). The consolidation is in line with our expectation. Our overall bias remains positive.

Zinc

Copper (\$7305)

| Copper | | |
|-------------|------|------|
| Supports | 7200 | 7100 |
| Resistances | 7325 | 7500 |

The price of Copper has traded sideways during the week. The overall trend retains a bullish momentum. We continue with our positive bias on the metal for now.

Copper

Gold (\$1232)

| Gold | | |
|-------------|------|------|
| Supports | 1220 | 1200 |
| Resistances | 1250 | 1280 |

Gold prices recovered steadily from last week levels. The \$1150 area has acted as a good support to the trend, while the \$1250 area remains a strong resistance. We do not see a significant directional thrust developing in this chart in the near future.

Gold

Silver (\$18.27)

| Silver | | |
|-------------|-------|-------|
| Supports | 18.00 | 17.75 |
| Resistances | 18.50 | 18.75 |

The price of Silver remains range bound. We believe that a broad two way consolidation move is playing out in the metal over the medium term. The prices can range between \$17.5 - 19.5 in this period.

Silver

Crude Oil (\$74.42)

| Crude oil | | |
|-------------|-------|-------|
| Supports | 75.75 | 74.50 |
| Resistances | 77.50 | 78.75 |

The price of Crude Oil has continued weakening during the week. This is in line with our view and given the momentum, some more declines can be expected. The price is below \$75 now, and we see this as a sign of weakness. A decline to \$72 - 71 looks possible

Crude oil

Currencies

Dollar/Rupee (46.58)

Dollar/Rupee

| | | |
|-------------|-------|-------|
| Supports | 46.50 | 46.20 |
| Resistances | 47.00 | 47.25 |

The USD/INR traded steady during the week. The trend remains choppy and is likely to remain so. A directional thrust may not develop in the near future.

Dollar/Rupee

Euro/Dollar (1.2810)

Euro/Dollar

| | | |
|-------------|--------|--------|
| Supports | 1.2800 | 1.2700 |
| Resistances | 1.2875 | 1.2950 |

The Euro has traded in a narrow band last week. This movement is in line with our expectations. A decline to 1.26 cannot be ruled out in these circumstances.

Euro/Dollar

Dollar/Yen (85.41)

Dollar/Yen

| | | |
|-------------|-------|-------|
| Supports | 85.00 | 84.50 |
| Resistances | 86.00 | 87.00 |

The trend in the USD/JPY is failing to move up from current levels. It is a wait & watch for now, but we may have to review our positive bias for the trend.

Dollar/Yen

Dollar Index DXY (82.55)

Dollar Index - DXY

| | | |
|-------------|-------|-------|
| Supports | 81.75 | 81.00 |
| Resistances | 83.00 | 83.75 |

The DXY has traded in a narrow band this week as anticipated. This can be the start of a corrective rally. Our short term bias for the DXY remains positive.

Dollar Index - DXY

Global Equities

S&P 500 (1075)

S & P 500

S&P 500

| | | |
|-------------|------|------|
| Supports | 1070 | 1050 |
| Resistances | 1100 | 1125 |

The SP500 continues trading below its 200 DMA. Weakness has set in the trend. A decline to 1050 looks possible.

Brazil (66887)

BOVESPA

Brazil

| | | |
|-------------|-------|-------|
| Supports | 66500 | 66100 |
| Resistances | 67000 | 67350 |

The Bovespa has recovered through the week, but its momentum remains suspect. The trend lacks direction and this state of affairs is likely to continue in the near future.

China (2642)

Shanghai SE Composite

China

| | | |
|-------------|------|------|
| Supports | 2625 | 2575 |
| Resistances | 2680 | 2730 |

The SSE has recovered to the upper end of its trading band. This is a short term correction which has set in the trend. Medium term indicators remain positive and we expect the index to rise over the medium term.

Hong Kong (20982)

Hang Seng

Hong Kong

| | | |
|-------------|-------|-------|
| Supports | 20850 | 20600 |
| Resistances | 21250 | 21500 |

The HSI has remained weak over the last few sessions. The trend continues to be indecisive. It is a wait & watch for us for the time being.

Japan (9179)

Nikkei

Japan

| | | |
|-------------|------|------|
| Supports | 9150 | 9100 |
| Resistances | 9200 | 9300 |

The Nikkei trend remains volatile. We have consistently held a bearish view of this index and this view continues playing out very well. We remain bearish on the medium prospects of this index.

United Kingdom (5182)

FTSE

United Kingdom

| | | |
|-------------|------|------|
| Supports | 5200 | 5160 |
| Resistances | 5240 | 5275 |

The FTSE continues trading around its 200 DMA (5342). The technicals suggest a sideways trend in the near future in a range of 5200 - 5400.

MS Emerging Markets (994)

MSCI - EMI

MS Emerging Markets

| | | |
|-------------|------|------|
| Supports | 965 | 940 |
| Resistances | 1000 | 1030 |

The EMI recovered from its 200 DMA(969). The index is likely to make a sideways movement over the coming weeks. However, the medium term bias remains positive.

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