

Weekly Trend Watch

Be cautious.... volatile again.

INDIA OUTLOOK

Equity indices: India indices became volatile over the week as profit booking at higher levels pruned their early gains. The Sensex failed to cross the strong resistance level of 14450. This was the level from where the earlier fall was triggered with greater magnitude. An 'Upper Shadow' has appeared on today's weekly closing which flashes a caution warning. This sign indicates that the momentum is fading. In view of the above, a vigilant approach and adequate hedging is solicited for the time being though the main trend does not display a decisive weakness. Now, a closing above the level of 14450 is needed to re-establish the lost momentum.

Index	Close	WoW change	Comments	Key support	Key resistance
BSE Sensex	13909	+0.08%	Cautiously Optimistic	13400	14150
BSE200	1663	+0.48%	Cautiously Optimistic	1575	1700
NSE Defty	3446	+1.80%	Cautious	3400	3500
BSE PSU	6420	+1.05%	Bullish	6330	6500
BSE Cap Goods	9824	+0.26%	Bullish	9670	9975

GLOBAL OUTLOOK

Commodities: Prices of Aluminium continue to face stiff resistance around the level of 3000. Zinc and Copper prices are reversing their negative trend. Zinc prices have initiated a rally and present an encouraging picture for the short term. Copper prices are currently correcting their sharp rise. Gold and Silver prices continue to maintain an overall positive bias. Oil prices have become volatile in nature while hovering around the level of \$65. It is a wait and watch situation till the picture gets clearer.

Currencies: The Euro is now capitalizing on the new support level around 1.28. It continues to maintain a strong trend for the medium term. The USD is trying to stabilize against the Yen after encountering the steep fall. The support level around 116 holds the fort. The INR continues to display strong trend against the USD. However, considering the oversold nature of USD, a pull back can be expected to occur in coming weeks.

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

Country	Index	Closing	Key comments
USA	NASDAQ	2554	Bullish
Australia	Australia All Ordinaries	6198	Bullish
China	Shanghai SE	3783	Bullish
Hong Kong	Hang Seng	20667	Strong resistance at 20900
Japan	Nikkei	17429	Range bound
S Korea	KOSPI	1553	Bullish

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BSE SENSEX

INDEX WATCH

Candlestick Pattern: An 'Upper Shadow' has appeared on the weekly charts. This is a reversal signal, which of course needs a follow up from the next candle.

Moving average set up: The moving average set up continues to display a positive trigger and the prices are sustaining above the short-term average.

Outlook: The Sensex, in the later part of the week, gave up most of the gains it had scored earlier. As a result, an 'Upper Shadow' has appeared on today's weekly closing. This definitely flashes a caution warning, as momentum seems to have vanished for the time being. The index has retreated from an important resistance level around 14450. This is the level from where the previous fall was triggered with greater magnitude. In view of the above, a cautious approach is solicited in current situation along with adequate hedging. Restoration of the lost momentum is possible only if a closing above the level of 14450 is obtained.

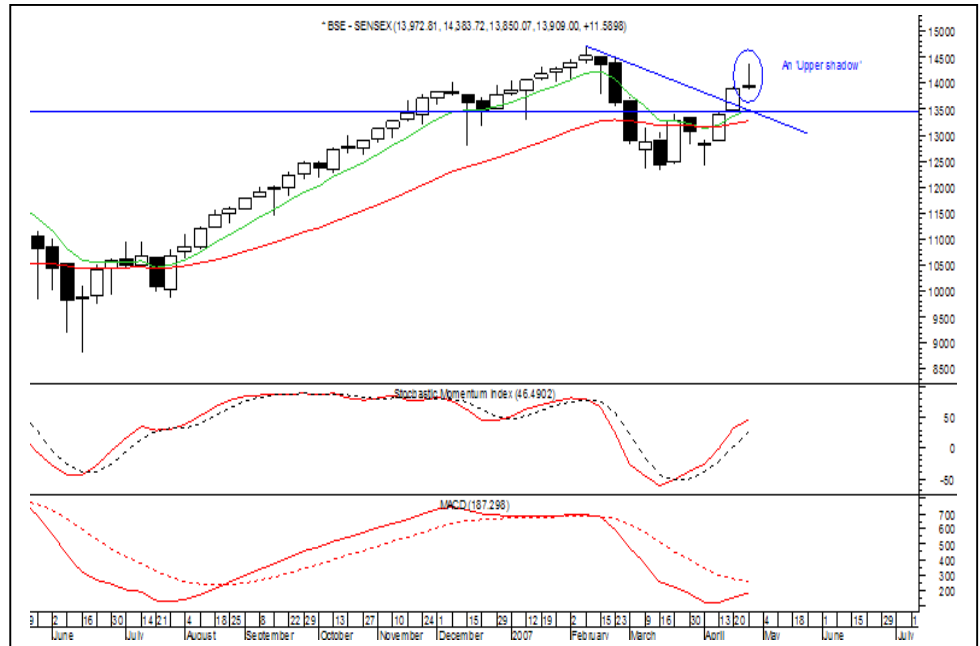
BSE SENSEX (13909)

Gain/Loss over the week: Up 12 points (+0.08%)

Outlook: Cautiously Optimistic

Our tools: We have used a weekly candlestick chart along with the MACD, Stochastic Momentum Index and moving averages.

Support	13710	13525	13400
Resistance	13940	14080	14150



BSE200

INDEX WATCH

Double bottom and break out: This index has created a 'Double Bottom' around 1460. Also it stays above descending trend line.

Momentum indicators: The medium term 'MACD' is still showing negative cross over but the gap between the indicator and its trigger line is reducing. The fast moving 'Stochastic Momentum Index' has maintained its positive trigger.

Outlook: The BSE-200 still displays an overall positive picture. However, the higher levels have attracted selling. An 'Upper Shadow' has appeared on today's weekly closing which flashes a caution warning. Short and medium term picture is quite baffling and it is therefore advisable to stay cautious for the time being till the momentum is restored.

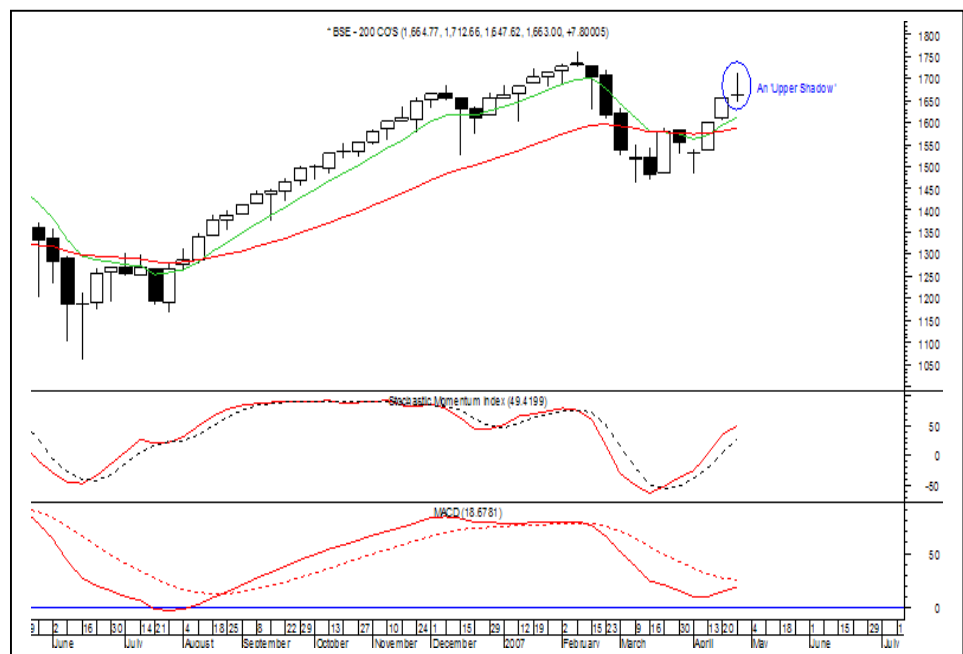
BSE200 (1663)

Gain/Loss over the week: Up 08 points (+0.48%).

Outlook: Cautiously optimistic

Our tools: We have used a weekly candlesticks chart along with momentum indicators to illustrate our view

Support	1640	1600	1575
Resistance	1675	1700	1740



SECTOR WATCH

CNX Defty (3446) Up 61 points (+1.80%): This index has now crossed its all time top thus remaining ahead of all. The candlestick study suggests remaining cautious for the time being as corrective phase may unfold.

BSE PSU (6420) Up 67 points (+1.05%): The PSU index is displaying a bullish structure but not yet able to surpass its earlier top of 6610. A break above the same would throw this index in a new orbit.

BSE Bankex (7087) Up 173 points (+2.50%): This index continues to stay above the break out level and presents an optimistic picture. Long-term trend continues to remain bullish.

BSE Teck (3670) Down 52 points (-1.39%): BSE Tech has now broken out of congestion pattern and retaining itself above the same. A break above 3770 can unfold further up move.

BSE Cap Goods (9824) Up 26 points (+0.26%): This index continues to display a bullish structure while moving along the ascending trend line. It now stays well within the vicinity of its previous top, which can be broken in coming weeks.

BSE Healthcare (3696) Down 97 points (-2.55%): This index has entered a volatile phase. A break above 3880 is required to restore the momentum that got defeated during the week.

CNX Defty

Supports	3400	3370
Resistances	3475	3500

BSE PSU

Supports	6375	6330
Resistances	6460	6500

BSE Bankex

Supports	7000	6930
Resistances	8050	8100

BSE Teck

Supports	3620	3575
Resistances	3800	3850

BSE Cap Goods

Supports	9750	9670
Resistances	9895	9975

BSE Healthcare

Supports	3650	3600
Resistances	3735	3770

COMMODITIES

Aluminium: Prices of Aluminium continue to move within a band. On the higher side, the level around 3000 is providing strong resistance. Only a break out above the same can help re gather the momentum.

Zinc: Zinc prices are bouncing back from the support zone around the level of 3000. They currently present an encouraging picture for the short term while moving towards the level of 4000.

Copper: Copper prices are facing resistance around the psychological level of 8000. Their main trend is still in place. Once the said resistance is broken, they can move towards the level of 8800.

Gold: Gold prices maintain the long-term bullish trend. They have now gathered momentum and look set to cross the level of \$700.

Silver: Silver prices have again caught momentum as fresh rally has started. The prices are now expected to move towards \$15.

Crude oil: Crude prices have become very volatile in nature as they hover around the important level of \$65. It is a wait and watch situation as on date till the picture gets clearer.

Aluminium (\$2795)

Strong Resistance around 3000.

Zinc (\$3685)

Momentum intact.

Copper (\$7847)

Correcting the rise.

Gold (\$691.80) April 2007 Futures

Supports	670	645	
Resistances	700	725	745

Silver (\$13.938) Apr. Futures

Supports	13.70	13.45	13.20
Resistances	14.35	14.60	14.85

Crude Oil (\$63.38) May. Futures

Supports	63.00	62.30	61.70
Resistances	64.00	65.00	66.00

CURRENCIES

Dollar/Rupee: The dollar has been weakening continuously after breaking the support level of 44. However, it now approaches the psychological support level of 40. Also its oversold nature may lead to a temporary bounce back.

Euro/Dollar: The Euro continues to show a strong trend against the USD. It has created new support level for itself around 1.28 and currently capitalizing on the same.

Dollar/Yen: The dollar has bounced back from the support level around 116 while plying in an ascending channel. Overall, it continues to present an optimistic picture.

Dollar/Rupee (41.07)

Supports	40.50	40.00
Resistances	41.30	41.75

Euro/Dollar (1.3593)

Supports	1.3580	1.3500
Resistances	1.3625	1.3670

Dollar/Yen (119.55)

Supports	119.00	118.70
Resistances	119.80	120.20

GLOBAL EQUITIES

NASDAQ: This index has broken its earlier top and looks very strong. Long term charts are indicative of a fresh rally towards the level of 2800.

Australia All Ordinaries: The AAO is displaying absolute bullishness in its long-term trend. Further up move is in the offing.

Shanghai SE Composite: This index has broken out of a congestion band to move in a new orbit. It continues to maintain a bullish picture for the medium and long term while leaping ahead.

Hang Seng: This index is repeatedly failing to cross its recent top around 20900 thus creating a strong resistance for itself around the same. Short-term positive stand can be taken on fresh break out only.

Nikkei: The Nikkei has become range bound. A decisive break above 17580 is required for a push towards its earlier top.

KOSPI: The Kospi is maintaining its higher top higher bottom formation. It is needless to mention that the index displays a positive structure and poised for a further up move.

Taiwan Weighted: The TWI is receding from the higher levels as a correction has set in. However, its main trend continues to remain bullish and the prices can again gather momentum once the recent top of 8100 is crossed.

NASDAQ (2554)

Supports	2525	2500
Resistances	2575	2600

Australia (6198)

Supports	6140	6080
Resistances	6235	6270

China (3783)

Supports	3750	3715
Resistances	3825	3855

Hong Kong (20667)

Supports	20580	20470
Resistances	20750	20830

Japan (17429)

Supports	17350	17260
Resistances	17530	17610

Korea (1553)

Supports	1525	1500
Resistances	1575	1600

Taiwan (8000)

Supports	7930	7850
Resistances	8060	8140

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