

## WEEK

29th Dec 09 - 31st Dec 09

### Weekly Markets

Sensex	17465	0.60%
Nifty	5201	0.44%
Gold(US\$/oz)	1096.2	-0.78%
Re/US\$	46.61	0.24%
Dow	10,428	-0.87%
Nasdaq	2,269	-0.72%
FX Res (US\$ Bn)	283.50	-0.05%

### NET FII/DII Equity Activity (Rs Cr)

Upto 31.12.09	FII	DII
Total Dec 09	4,240.84	49.68
Total 2009	24,132.07	26,224.34

Source: bseindia.com

### Weekly Sector Movement

Sectors	Close	%
IT	5,186	0.21%
FMCG	2,792	-1.16%
CG	14,117	0.71%
CD	3,785	3.56%
Healthcare	5,018	-1.79%
PSU	9,532	0.76%
Bankex	10,031	0.63%
Auto	7,436	1.07%
Metal	17,399	0.38%
Realty	3,856	0.05%
OilGas	10,471	0.51%

### WEEK AHEAD

For the trading fraternity, the New Year begins early as trading starts at 9:00 IST from Monday, 4 January 2010, with stock exchanges deciding to extend trading hours by 55 minutes. Trading will end at 15:30 IST as usual.

The first trading day of the New Year marks listing of power utility JSW Energy on Monday. The company had priced its initial public offer (IPO) at the lower end of the Rs 100-115 price band following a tepid investor response. The company will issue shares to retail individual bidders at discount of Rs 5 to the issue price. Auto, cement and steel stocks, will be focus in the first trading week of 2010 as companies unveil their sales data for December 2009. Steel shares may get a boost from a likely hike in steel prices in the New Year. Technically both the domestic indices shattered its previous highs of 17493 and 5185 comprehensively though we believe spot index should sustain these levels for at least two-three trading sessions respectively. We expect trend line drawn from the March lows seems to be providing vital support at this juncture however it was falsely broken only couple of times in the last month. Other technical indicators such as MACD and RSI also strengthens this sentiment in upcoming sessions though possibility of range bound scenario between 5000-5370 looks more promising at this point of time. Fundamentally too market also running above 22 P/E which itself denotes some signs of profit booking on higher levels.

### SNAPSHOT

The key benchmark indices attained their highest closing level in nearly 20 months on the last trading day of calendar 2009 as Asian stocks rose. Volatility surged in late trade as traders rolled over positions in the derivatives segment, to January 2010 series from the near-month December 2009 series. The December 2009 derivatives contracts expired today, 31 December 2009. The BSE 30-share Sensex rose 120.99 points or 0.7%, off close to 65 points from the day's high. The Sensex and S&P CNX Nifty today, 31 December 2009, scaled their highest closing level in nearly 20 months. Reliance Industries rose. Capital goods and auto stocks, also edged higher. But banking stocks pared gains. Telecom stocks were mixed. The market breadth was strong. **Rollover in Nifty futures from December 2009 series to January 2010 stood at 58% at the end of Wednesday's (30 December 2009) trade. Rollover in Mini Nifty futures stood at about 50% and the market wide rollover was about 67%.**



### WEEK GONE BY

The market closed the last truncated week of the year with strong gains after Prime Minister Manmohan Singh said economic growth may accelerate. Prime Minister Singh's forecast in a speech on 28 December 2009, came after the Indian economy expanded 7.9% in the three months ended 30 September 2009, the quickest in six quarters. The growth lagged behind only China among the major world economies. Foreign funds invested Rs 83,070.09 crore (till 29 December 2009) in Indian equities in 2009, after pulling out Rs 52,987.10 crore last year when the global financial crisis rattled investors and triggered a flight to the safety of bonds and gold. The inflow boosted the Sensex 81.03% in calendar 2009 as investors chased bargains after the market had slumped over half in 2008. The BSE 30-share Sensex rose 104.20 points or 0.60% to 17,464.81 in the week ended Thursday, 31 December 2009. The S&P CNX Nifty rose 22.65 points or 0.43% to 5,201.05 in the week. The BSE Mid-Cap index outperformed the Sensex, rising 1.15% to 6,717.82. The BSE Small-cap index, too, outperformed the Sensex, rising 2.92% to 8,357.62 in the week. The bourses were open for trading only for three days. They remained closed on Monday, 28 December 2009 on account of Moharram. The market remains shut on Friday 1 January 2010, on account of the new year holiday.

Index Composition	
Date	31.12.09
<b>NIFTY</b>	
Jan Fut	5220
Feb Fut	5226
Jan OI	22001900
Feb OI	470100
<b>BANK NIFTY</b>	
Jan Fut	9040
Feb Fut	9035
Jan OI	994050
Feb OI	5400
<b>CNX IT</b>	
Jan Fut	5830
Jan OI	42700

INDEX - TECHNICAL STAND POINT



TREND LINE CONJECTURE:-

We have projected a trend line by joining the significant previous tops of 16002 and 17196. The value for this upper trend line stood at 17,500 and where the Sensex have found stiff level of resistance as it could make a high of 17,493. We think that this trend line may provide crucial resistance to the spot index around 17,500 and may also force it to go down and consolidate between upper & lower band for next 2-3weeks. For any successive break out above these levels Sensex should decisively breach this levels with massive volumes and must close above 17500 for atleast 2 consecutive days. On 31 Dec 09 Sensex broke this level and touched 17530 on intra day basis but failed to sustain 17493 on closing basis.

In Nifty trend line drawn from the lows of 3918 providing good support at this juncture. Value for this trend line stood at 4800 level. Moreover trend line adjoining tops of 4693 and 5181 seems to be determining new diagonal pattern in upcoming sessions however such possibility looks illusive at this point. Hence for upcoming sessions range bound scenario between 4900-5370 looks more prominent and worthy.

ELLIOTWAVE CONJECTURE:-

Remember we have already determined 'X2' wave of this diametric formation shaped in benchmark indices with nearby target at around 4900 in 11-18 trading sessions. Now with above the target levels, 'X2' wave continued to show strength however advance decline ratio displays lack of conviction around these levels. As we have assumed that we may be into 'C' wave of the A-B-C pattern from 17493.

Since last Wednesday, the Index has been forming 'HIGHER TOP' formation, which continues the optimistic preconceived notion. As in the previous A-B-C move, entire move from the lows of 15331 treated as a "b" leg, conceivably waiting 'Oct high of 17493 to be near term top decisively. *During the nutshell the perfidious wave marked as corrective 'B' wave, 86% up-move originated 8047 (6<sup>th</sup> March'09) to 14931 (19<sup>th</sup> May'09) adage FII inflows of only Rs.25000 crs. Since 19<sup>th</sup> May, the FII inflows encompass explode by further Rs.62000 crs, in response to which, market moved barely 16%.*

Beneath this bullish unusual composition, a Complex insider wave has been shaping from March lows in 2009. Within this, the 1<sup>st</sup> move ended at 17493 as a Diametric formation, and 2nd corrective move now seems to shaping from last week lows as domestic indices manages to past 17493 on the last day of 2009 though index unable to sustain these levels on closing basis. **Under this alternative, the 2nd counteractive move if it possible mostly a diagonal move, which can triggered the Sensex ahead of 17500. If it's a Diametric, the size of the 2nd corrective would be about 6-7 months with a value target of 61.8% of the 1<sup>st</sup> corrective move mentioned earlier. This would gauge to 22000 on Sensex (preferably in June-Sept 2010).** Well let's wait and watch if Sensex remain constraint between 15330-17500 or goes in for a decisive surge above 17500 to reap new highs of 2010.

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**MOVING AVERAGES AND THE CANDLE STICK PATTERN:**

The short term moving average is an indicator of the trend in the near future. The value for the short term moving average (20 DMA) is at 5099 and medium term moving average (50 DMA) is at 5008. Presently, the Nifty trading above 50 DSMA and 20 DSMA which conveys bullish signal in near term. As long as Nifty continues to trade above these moving averages, bulls will hold the grip.



**RETACEMENT AND GAP CONJECTURE:-**

As marked on the chart above, on 24 Aug 09, Sensex formed a gap up of 122 points (market as GG) which might be an exhaustive one, having upper and lower values of 15,362 and 15,240 respectively. As per Japanese candle stick theory, any gap is an incitement for bulls/bears to get their positions in order to fill such gaps. As this gap was created on last to last August, the Sensex has already consumed more than 60 trading sessions and the gap has not filled yet. Unless this gap is filled, the Sensex will continue to move in upward trajectory in near term.

RETACEMENT				COUNTER RETACEMENT			
HIGHS	LOWS	POINTS	DAYS	LOWS	HIGHS	POINTS	DAYS
15600	13320	2280	21	13320	16002	2682	14
16002	14684	1318	11	14684	15958	1274	7
15958	15357	601	5	15357	16435	1078	3

Analyzing above table we scrutinize that there is continuous faster retracement taking place in the Sensex, which is an optimistic signal. There are three downward moves.

- The move from 15,600 to 13,220 took 21 days and it got retraced in 14 days.
- The move from 16,002 to 14,684 took 11 days and it almost got retraced in 7 days.
- The move from 15,958 to 15,357 took 5 days and it got fully retraced in just 3 days.

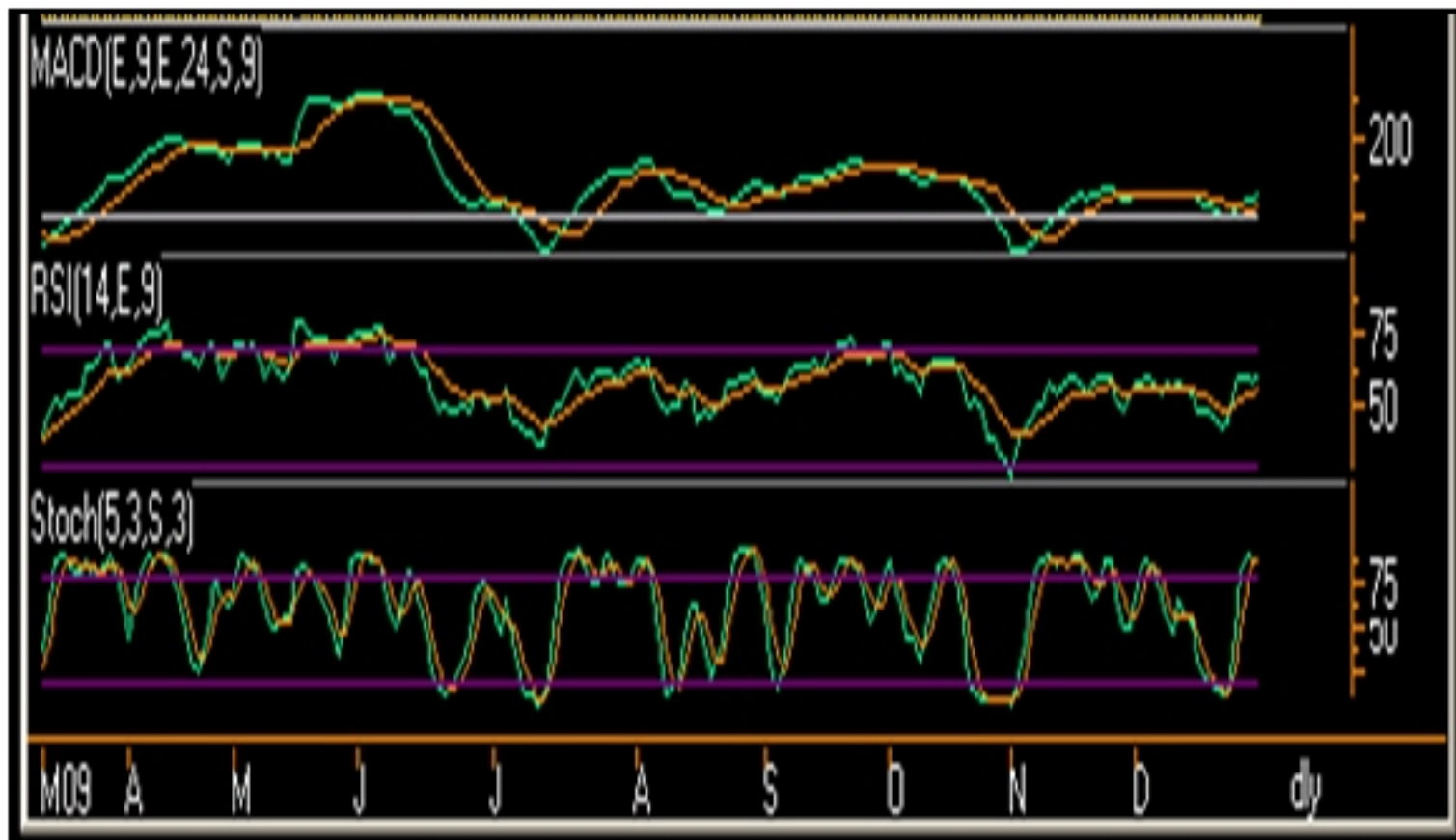
**FIBONACCI RETACEMENT:-**

Entire move from the highs of 17493 to 15330 exactly took 10 trading sessions while its retracement move also took 10 trading sessions to its 80% level at around 17060. From 17060 to 17530 sensex entirely took more than 28 trading sessions which itself determines a consolidation on higher levels. Above these levels next resistance zone would be between 17800-18160-18470.



**OSCILLATORS:**

OSCILLATORS	CURRENT	AVERAGE
MACD (E9,E24,S9)	36.41	25.32
RSI (14,E9)	61.25	56.35
STOCHASTICS	%K= 87.87	%D= 89.71

**FINAL VERDICT:**

Remember we have said breakout above the Neckline of the suspected H&S formation has been proving elusive for the time being. This has been mainly on account lack of conviction shown by reduction in volumes. Also after clocking the highest-ever volume on the second day after election results, i.e. on 19th May'09, we have seen falling volumes on both positive as well as negative days. Moreover history suggests that market usually corrects after doubling. Now with illusive break out above 5200 levels, new trading range between 4900-5370 seems more prominent and worthy.

In addition to that At its highest level of 5200 on Nifty and above 17400 on Sensex, PE Ratio had reached 22+, which is the maximum figure of 22 seen under 'normal' circumstances. Only foams can push it higher towards 27-28. Such fizz happened during '2000 and '2008, which were 8-year cycle tops. Usually such higher valuations occurs in 8 years. Its never been in the history of Sensex to create such bubbles for two consecutive years. Hence we expect some sort of pause in Rupee valuation in upcoming months. Moreover low interest rates in US and constant appreciation of Rupee will support our argument in near term. There fore we might see some consolidation on higher levels though momentum might remain on buying side. On the positive note, if we totally relies on the current rally and consider this phase into new bullish one, we might see key benchmark indices to touch its previous highs of 2008 very soon. With such scenario key benchmark indices may shifts into long term consolidation of 10 years (similar to consolidation as seen in 1992-2003). This picture is self-illustrative. Investors may take their positions accordingly during the coming 2-4 years, and book profits or consider prevarication, as and when examined essential.

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## Technicals

<b>SCRIP</b>	<b>INDIAN HOTEL</b>	<b>CMP</b>	102.6
<b>Recommendation</b>	<b>BUY</b>	<b>Buy Price Between</b>	98-100
<b>Trend</b>	<b>BULLISH</b>	<b>Stop Loss Below</b>	95
<b>MACD</b>	Buy mode	<b>First Target</b>	107
<b>ROC</b>	Buy mode	<b>Second Target</b>	112
<b>RSI</b>	Buy mode	<b>Time Frame</b>	Week
<b>50 Days SMA</b>	86.97		
<b>200 Days SMA</b>	68.07		

This stock is looking bullish as it is making higher top and higher bottom formation after getting support at 55 level. Currently this stock has broken stiff resistance level around 90-95 and tends to move in upward trajectory with nearby targets at Rs112. Currently this stock is trading above all the three moving average (20 DSMA, 50 DSMA AND 200 DSMA) and the technical indicators RSI and MACD shows bullish momentum in near term. Hence we recommend BUY strategy in this stock.



<b>SCRIP</b>	<b>HIND OIL EXP</b>	<b>CMP</b>	297.4
<b>Recommendation</b>	<b>BUY</b>	<b>Buy Price Between</b>	290-295
<b>Trend</b>	<b>BULLISH</b>	<b>Stop Loss Below</b>	280
<b>MACD</b>	Buy mode	<b>First Target</b>	320
<b>ROC</b>	Buy mode	<b>Second Target</b>	340
<b>RSI</b>	Buy mode	<b>Time Frame</b>	Week
<b>50 Days SMA</b>	289.04		
<b>200 Days SMA</b>	202.5		

This stock shows strength as it is continued bullish trend after getting support at 240-250 levels for previous weeks sessions. Currently stock has shown tremendous support around 270-280 level and trading above all the three moving averages 20 DSMA, 50 DSMA and 200 DSMA with all the daily indicators i.e. MACD and RSI seems to be in bullish shape. Hence we recommend 'BUY' strategy in this stock for the price target of 320-340 in near term.



<b>SCRIP</b>	<b>DIG JAM</b>	<b>CMP</b>	9.65
<b>Recommendation</b>	<b>SELL</b>	<b>Sell Price Between</b>	10-10.50
<b>Trend</b>	<b>BEARISH</b>	<b>Stop Loss Above</b>	11
<b>MACD</b>	Sell mode	<b>First Target</b>	9
<b>ROC</b>	Sell mode	<b>Second Target</b>	8.5
<b>RSI</b>	Sell mode	<b>Time Frame</b>	Week
<b>50 Days SMA</b>	8.4		
<b>200 Days SMA</b>	7.2		

This stock is currently in corrective arena after getting resistance around 10.50-11 levels. Currently this stock has broken good support at 10 and we expect further 10-15% fall in it. The technical indicators also generates bearish signal. Hence we suggest SELL strategy in this stock for the target of 9-8.5 in near term.



## SENSEX 30-TECHNICAL LEVELS FOR THE UPCOMING WEEK ENDED 08th Jan 2010

SCRIP	SUPPORT			CLOSE PRICE 31.12.09	RESISTANCE			INCLINATION
	3rd	2nd	1st		1st	2nd	3rd	
ACC	844	859	865	871.50	881	890	905	+ ive
B H E L	2304	2351	2378	2406.10	2425	2445	2492	+ ive
Bharti Airtel	321	325	327	328.80	330	332	335	+ ive
DLF	330	348	355	361.15	373	384	403	Neutral
Grasim Inds	2413	2445	2461	2477.70	2493	2509	2541	+ ive
H D F C	2583	2633	2655	2677.85	2705	2733	2783	Neutral
HDFC Bank	1662	1681	1691	1700.40	1709	1718	1737	Neutral
Hero Honda Motor	1676	1697	1707	1716.45	1727	1738	1758	Neutral
Hind. Unilever	257	261	263	264.75	267	270	274	Neutral
Hindalco Inds.	151	155	158	160.75	163	165	170	+ ive
ICICI Bank	838	858	867	875.70	887	899	919	Neutral
Infosys Tech.	2533	2566	2586	2605.25	2620	2634	2668	+ ive
ITC	244	248	249	250.85	253	255	259	- ive
JP Associates	136	141	144	146.90	149	151	156	Neutral
Larsen & Toubro	1636	1658	1669	1679.40	1691	1702	1724	Neutral
M & M	1034	1056	1068	1080.80	1090	1100	1122	+ ive
Maruti Suzuki	1483	1522	1541	1559.65	1579	1599	1638	Neutral
NTPC	220	229	232	235.70	241	245	254	+ ive
O N G C	1145	1162	1170	1177.55	1187	1197	1215	Neutral
Rel. Comm.	162	168	170	172.90	177	180	187	Neutral
Reliance Inds.	1049	1068	1079	1089.40	1098	1106	1125	+ ive
Reliance Infra.	1108	1129	1138	1146.90	1159	1172	1193	+ ive
St Bk of India	2150	2205	2237	2269.45	2293	2316	2371	+ ive
Sterlite Inds.	841	852	857	861.65	868	875	886	+ ive
Sun Pharma.	1430	1474	1490	1507.10	1534	1562	1606	- ive
Tata Motors	758	775	784	792.60	801	809	825	+ ive
Tata Power Co.	1313	1344	1361	1377.95	1392	1405	1436	+ ive
Tata Steel	595	607	612	617.60	624	630	641	+ ive
TCS	734	742	746	749.75	754	758	766	+ ive
Wipro	659	670	675	679.40	686	693	704	Neutral

## NSE MIDCAP 30-TECHNICAL LEVELS FOR THE UPCOMING WEEK ENDED 08th Jan 2010

SCRIP	SUPPORT			CLOSE PRICE 31.12.09	RESISTANCE			Market Cap (Rs Crore)
	3rd	2nd	1st		1st	2nd	3rd	
Allahabad Bank	117	122	123	125.2	128	131	136	5593
Andhra Bank	102	103	104	104.3	105	106	107	5059
Ashok Leyland	46	48	49	49.6	51	51	53	6598
Cummins India	381	404	418	430.7	441	452	476	8528
Divi's Lab.	636	656	666	676.8	686	695	715	8849
Educomp Sol.	683	701	707	713.8	725	736	754	6774
GVK Power Infra.	43	45	46	46.45	48	49	51	7335
IDBI Bank	124	126	127	127.4	128	130	131	9234
Indian Bank	161	168	171	174.55	177	180	186	7502
Indian Hotels	98	100	102	102.6	104	105	107	7423
JSW Steel	986	1001	1007	1013.2	1022	1031	1046	18952
Lanco Infratech	538	557	567	576.7	585	594	613	13886
Lupin	1370	1419	1447	1474.1	1496	1517	1566	13102
MphasiS	699	712	718	724.2	731	738	752	15183
Oracle Fin.Serv.	2225	2276	2297	2318.05	2348	2378	2430	19425
Petronet LNG	67	69	70	71.3	73	74	77	5348
Piramal Health	346	361	367	373	382	391	406	7796
Punj Lloyd	196	201	203	204.35	207	210	214	6785
Rel.Nat.Resour.	66	68	69	69.4	71	72	74	11334
S C I	140	144	146	147.8	150	152	156	6259
Syndicate Bank	92	94	95	95.7	97	98	100	4995
Tata Chemicals	283	305	314	321.85	336	350	372	7569
Tata Tea	898	923	932	941.05	957	972	997	5819
Tata Tele. Mah.	25	26	26	26.75	27	28	28	5075
Tech Mahindra	945	970	981	991.2	1006	1020	1045	12115
Titan Inds.	1314	1376	1400	1423.35	1462	1501	1564	6318
UltraTech Cem.	885	899	906	914.2	920	927	941	11381
United Phosp.	162	168	171	173.7	176	179	185	7635
Voltas	166	170	172	173.3	175	178	181	5735
Welsp.Guj.Stahl	263	266	268	270.05	272	274	278	5506

**EQUITY CALLS PERFORMANCE FOR WEEK ENDED 31st Dec 2009**

Total No. of Calls	Target Achieved	Profit Booked	Positional Calls	Exit/Stop Loss	Success Rate
29	10	14	1	4	85.71%

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