



Razor's edge

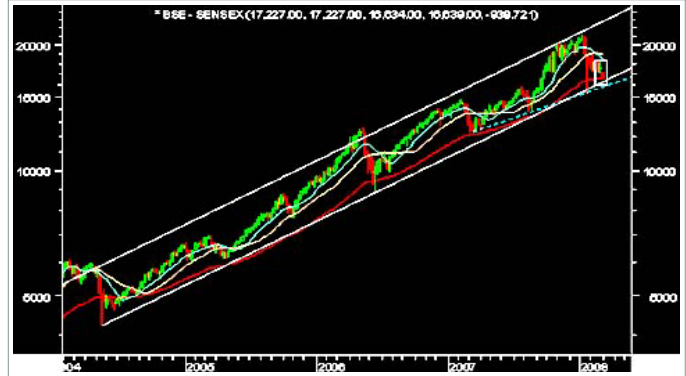
The Sensex continues to power ahead in a channelised bull market (its an essence of all bull markets as per wave principle). Chart 1 shows how brilliantly the upper and lower channel lines have stood the test of time and supported the Sensex. The alternates suggest that a final up-move is still pending on the Sensex, though the index continues to test investor's patience and is throwing new possibilities every week. It continues to trade on the edge and is still not out of doldrums.

The daily picture throws up a couple of possibilities. The first being that the wave 4 triangle is still not complete as earlier anticipated and there are a couple of more legs pending, which leaves us with a consolidation range of 16,500-17,600. The index could then trade within it for the next five-ten sessions.

The other alternate suggests a complex corrective targeting 16,000-15,800 levels before a fresh rally could resume; the first alternate though is more preferred. On the flip side the market has given reasons of concern by filling the bullish gap at 17,141 and then closing below 200 DEMA today; the momentum has also started to die on the upside but the final confirmation for the bearish scenario would be a close below the channel supports. The 200 DEMA at 17,200 would now act as strong resistance for the next few trading sessions.

The medium-term bias is still intact and positive till we hold the lower channel at 16,250 on closing basis. The index has good supports at 16,500/16,300/16,000, but would face stiff resistance at 17,000-17,200 levels. Next couple of weeks would give a clearer direction till than 16,300-17,200 remains the likely range.

The bull run



Ring side view



Trendy Levels

Sensex	
Support	Resistance
16457	18172
15483	18940
13779	20540
20WEMA	40WEMA
18301	17362
10 MEMA	20 MEMA
17107	15483
Sensex: 16,678	

WEMA: Weekly Exponential Moving Average
MEMA: Monthly Exponential Moving Average

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