

Nifty Futures (1 month series):(4091.3)

Nifty futures opened weak, as apprehended on the last trading day and dropped sharply to test the low of 3952 as feared due to margin pressures resulting in a spike formation whereby there was a sharp decline and a fast recovery and nifty futures which was at a loss of more than 180 points at the intraday low closed the day with a loss of only 47.8 points. Fed cut the discount rates to banks by 50 basis points to calm the frayed nerves of investors and help the turbulent financial market to overcome the fears of liquidity crunch. It also gave an indication that it would cut the Fed fund rates, left unchanged for now, if needed to support economic growth. That resulted in a late rally and Dow closed the last trading day with a gain of 233.3 points. Most of European and US markets rallied and closed in the green as a result of the announcement. Asia has also given the thumbs-up signal having opened deep in the green. On this backdrop we may expect the market here to open in the positive though the edgy political environment back home is becoming a cause of concern. Technically, the immediate resistance for nifty futures is now at 4110 and above that at 4160. 4200 must now be decisively crossed to signal that selling has subsided and it must sustain above 4310 to signal strength. On the lower side, the immediate support is at 4060 and below that, 4028 is a good support. 4070 remains a critical level for today. If this level holds on downswings then we may expect the selling to abate and a pull back rally to shape up. If this level is breached decisively, the downswing will gain fresh momentum. Markets are likely to open strong and move up in the first hours but high volatility is likely to remain.

Resistance: 4110, 4160, 4200, 4240, 4260, 4300, 4310, 4358

Support: 4060, 4028, 4005, 3952.

IPCL (350): This counter has taken support at the 340 level for two consecutive days and despite the high volatility on the last day and a major sell-off, this support held on so long positions may be taken if it sustains above 240 on dips with a stop if 238 is decisively breached for an initial target of 359 and above that 363. It is likely to gain fresh momentum above 365.

Resistance: 359, 365, 372, 379, 383

Support: 340, 338, 336, 331

Bharti Airtel (796.95): This counter has rebounded from the 750 region which is a strong support as the long term moving average, 200 EMA is posited there. It has an immediate support around the 792 level and long positions may be taken around this region with a stop if 784 is decisively breached for a target of 825 and above that 834 and an optimistic target of 858.

Resistance: 800, 827, 834, 858, 879

Support: 792, 785, 750

Cipla (184): Long positions may be taken in this counter on dips with a stop if 176 is decisively breached for an initial target of 188 and above that 194. It will gain fresh momentum above 196 and may then move up to test the 205 region.

Resistance: 188, 194, 200, 205, 209

Support: 180, 176, 170

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 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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