

Nifty Futures (Front month series) :(5628.4)

Nifty futures finally broke the 5700 – 6000 range but on the lower side. It opened gap down on 8th November, and the gap remained unclosed as it broke the 5700 level and closed the day near the low signaling weakness. On the following day, the traditional Muhurat session on Diwali day which is a truncated session and where the festive mood prevails, it broke some more supports and breached the 5600 level intraday though the closing was above this level but the day closed with a loss of 80.8 points. This weakness is likely to be continue on Monday at least in the initial phase as the world markets have also signaled weakness. The issues of sub prime and housing bubble have been seemingly thwarted with interest rate cuts but they keep returning to haunt on the balance sheets weighing down the financial sector. Technically, the discount between spot nifty and futures nifty has widened signaling short position built up on the last two days. Nifty futures has an immediate support in the 5580 region and a breach of this level is likely to take it down to the 5530 level which is a strong support and a critical level. A decisive breach of the 5530 level will signal more weakness and the short term trend will turn negative. The main trend will weaken only below 5200 though the breach of this level seems less likely at this juncture. Its immediate resistance is now pegged around 5670 and above that 5730 and 5820. It must now sustain decisively above 5750 to signal the end of the current downswing and above 5975 for fresh upside momentum. The Global cues are weak and markets here are likely to open in the negative and then chart its own course. High volatility may remain high and caution is advised since markets may turn choppy.

Resistance: 5670, 5730, 5820, 5890, 5930, 5975, 6005

Support: 5620, 5580, 5530, 5500, 5450, 5270, 5200

Ad Labs Films (920.7): This counter has moved up on the last day exhibiting strength on good volumes and long positions may be taken on dips preferably in the 890 region with a stop below a decisive breach of 875 for a target of 945 and above that 960.

Resistance: 925, 945, 960, 1000

Support: 900, 890, 875, 840, 825, 820

Bank of India (362.4): Short positions may be taken in this counter on swings if it is resisted in the 366 region with a stop above with a stop above 375 for a target of 351. A decisive breach of 350 will signal more weakness and it may then slide to 335.

Resistance: 366, 375, 380, 392

Support: 351, 335, 330, 317.

BEL (1848): This counter has a strong resistance in the 1865 region and short position may be taken if it is unable to move above it with a stop above 1890 for a target of 1800 and below that 1785.

Resistance: 1865, 1890, 1915

Support: 1845, 1830, 1800, 1785

GAIL (464.6): This counter was unable to negotiate successfully with the 475 region and short positions may be taken on swings with a stop above 478 for a target of 450 and below that 440. It is, however, likely to gain fresh momentum above 480.

Resistance: 465, 475, 500

Support: 450, 440, 425

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 if 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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