

Nifty Futures (Front month series):(4894.2)

Nifty futures opened with a downside gap on weak global cues, US sub prime woes and budget blues and the negative impact of the increase in the short term capital gains tax to 15% from 10% and the changes in the Securities Transaction Tax which is no longer set of against taxes but will be treated as business expense. Initially the 4980 region gave support and it moved up to close the gap in the first hour and moved within a narrow band during the rest of the session. Once the support broke in the last hour of trades, nifty futures crashed to a low of 4877.75 before closing the day with a loss of 286.9 points, very near the low and no recovery was seen till the end. Most of the sectors closed with losses. The worst hit was the banking sector as the bank shares led the fall impacted due to the 60,000 crore farm loan write off in the Union Budget and budgetary reimbursement was not clear. Finance ministry officials have now said that entire amount will be reimbursed to all banks in cash against the earlier expectation of cash and bonds. This clarification is likely to be bullish for the banking sector. Technically, 4865 is the immediate support and a decisive breach of this level is likely to signal fresh weakness and it may then slide to 4800. Below 4800 the trend will turn weaker and may lead to a test of 4650 if 4745 is also breached. On the higher side its immediate resistance is at 4980, 5055 is the critical resistance and it must sustain decisively above 5095 where the 200 EMA is posited to signal strength. Above 5095, the resistance is at 5150 and 5200. The international cues are bullish this morning and our markets are likely to open on a positive note and then chart their own course as the day progresses.

Resistance: 4980, 5050, 5095, 5150, 5200, 5220, 5300

Support: 4865, 4800, 4745, 4650, 4420

SBI (1922.2): Long positions may be taken in this counter with a stop below a decisive breach of 1890 for a pull back target of 1970 and above that 2000, 2075 and 2100

Resistance: 1970, 2000, 2020, 2075, 2100, 2160

Support: 600, 570, 545, 530, 510, 500

Maruti Udyog (872.65): Long position may be taken in this counter on dips with a stop below a decisive breach of 847 for an initial target of 900 and 920 above that.

Resistance: 903, 920, 960

Support: 865, 847, 827, 805

Dr Reddy's Lab (571.5): Long position may be taken in this counter on dips with a stop below a decisive breach of 553 for an initial target of 590, 605 and 630 above that.

Resistance: 582, 590, 605, 620, 633, 660

Support: 565, 558, 553, 530

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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