

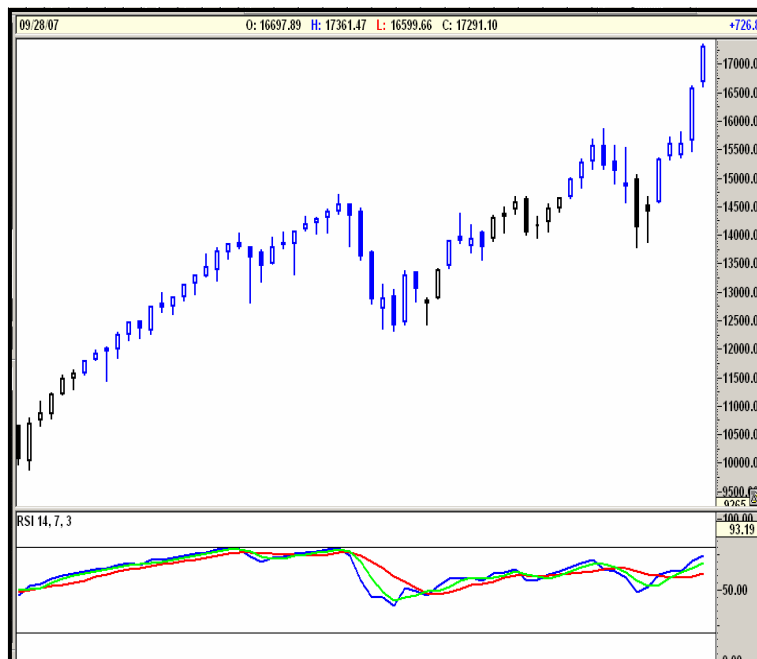
Index Review:

CURRENT TECHNICAL SETUP

Intermediate resistance trend line:	17593	
200 dma level:	14335	
Key swing levels :	17700 resistance	16450 support
Pitchfork levels :	17477 resistance	16855 support
Sensex Stocks above 200dma:	24 /30 (up 1)	
Gains/Loss for the week:	Advance — 6366 Decline — 7346	

We were looking for continued advances in the markets and had projected higher targets. These targets were achieved rather quickly, by Tuesday or so. It was possible that the market may have then shown some weakness. On Wednesday, by the close there were no great losses and a raft of good news continued to flow into the markets. That was the only day in the week the index closed a bit flat. That may bother the journalist majors chairing the financial station desks, but as you probably have surmised based on our writings over the past several days, this action was just what we wanted. The fact that investors are ready to come in and ac-

quire positions in some beleaguered financial institutions in the US is the B12 shot that the financial sector needed. Indeed, the market needed it as well. This quiets, to some extent the fears remain that some hidden skeletons will still emerge. They used the Fed rate cut to spring back to life, and test or cross the previous highs. In the last week both Sensex and Nifty broke new session highs on continued buying interest— both of the short



Source : Advanced Get

Inside this issue:

Index View	2
Sector Index Analysis	3
Medium Term Picks	4
Short Term Picks	6

Special points of interest:

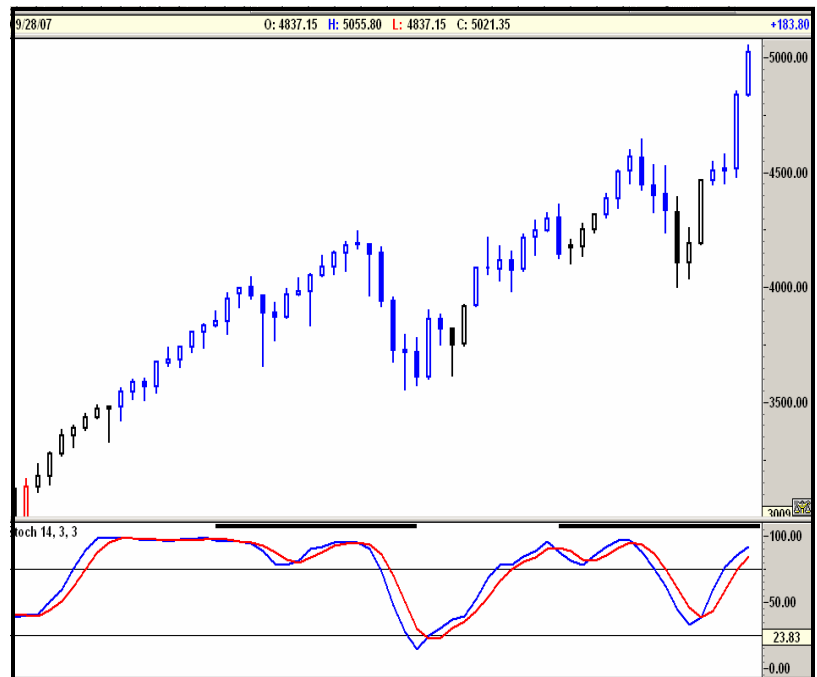
- **Range trading would demand more proactive action from players. Hence readers should be prepared for this kind of action or leave the market alone for now.**
- **Market at a reasonable resistance zone in monthly chart. One should look for the trend to exhaust soon.**

Index review continued

covering as well as fresh buying nature. They managed to hold the move right into the close of the week, and gave the market enough of a list to close with some decent gains. In the last week we had mentioned that some bottom fishing should be done in the Tech counters. This would have proved to be very fruitful if readers had indeed indulged in this. The other sector picks of Auto and Banks also did very well for themselves during the week. Metals were the pick of the week being the top gainer amongst all the sectors with some power moves in steel counters.

For the week ahead we have a mix of good and bad news. The good news is that the trend is quite secure and set to improve further. The bad news is that this may happen across the medium term perspective. In the short-term however, there appears to be some evidence suggestive of some consolidation phases to occur if not some reaction. This comes in the form of a long range bar for the monthly charts that is running into a channel resistance (also in the monthly charts) and a projection of a prior swing. So this combination of these resistances (from different methods, mind you) could potentially halt the progress of the ongoing uptrend. But the oscillators are in good shape and suggest that we should be seeing fresh upside once a move that alleviates the overbought status is completed. This can happen with either a decline (towards the median line as shown in chart) or a sideways consolidation.

Consolidation is more likely, based on sentiment advises. The immediate resistance for the week is 17700/ 5280. On the lower side one may look for support around 16450/ 4760. Dips into that zone can be used to buy.



Source : Advanced Get

Index View: Conclusion and Strategy

The sentiment during the last week turned distinctly bullish as the index sped past 17000/5000 levels. Suddenly there were bullish forecasts coming out from everywhere! (Of course, we ourselves had also got on to that bandwagon last Monday so this is not really to blame anybody). The situation certainly does demand that kind of changed sentiment. If one takes a poll this Monday compared to two Mondays ago, it is a wager that the number of people who are bullish would probably have doubled!

We have discussed the different possibilities and come to the conclusion that a consolidation is the most probable move from the current situation. Since we are ruling out reversals and even any severe reactions, the obvious choice of action ahead would be trading in nature as one tries to take advantage of the consolidation. This means selling highs and buying dips. The range has been defined as likely between 16450-17700, which is wide enough for some comfortable range type trading activity.

Ideally, one should find stocks that are well correlated with the index and trade them using the index range, or perhaps, some range that the stocks may themselves create. Breakout activities should be somewhat restricted and one may avoid chasing stocks higher.

Sector Index analysis: Metals and Banking rocks

Even though market gained 4.39% last week with **Sensex** crossing 17000 mark, the overall market breadth did not show much reflection of bullishness. Now this could mean two things. One that market is loosing steam at the higher levels or it could be a ruse to deflect attention way from the mid cap while the buying is on? Whatever may be the case, one should continue to ride the trend until there are any evidences of reversal in the trend.

Metals and **Banking** were the best gainers of the last week. Both of them were in the action in the earlier week too and we had mentioned in the earlier issue that they will be in great form. The great momentum was not only by the leaders but also from the small and mid cap ones. This broad based buying certainly ensure that both of them will remain at the head even in the coming days. Hence look to buy at current and on dips if any. Another sector which was in the limelight was **Auto**.

Stocks from four wheeler contributed with stocks like **Maruti, Ashok Leyland, Tata Motors** were the best from the pack. Continue to track them. Two wheelers were slightly pressured. Smart gains in both mid and small cap sector kept the retail segment active. We suggest to continue to do short-term investments here.

Tech index made a smart come back in the last week. Some signs of revival were seen in the last earlier week from their important support zones on the higher degree charts. Most of the heavy weights like **Infosys, Satyam, HCL Tech, Mphasis etc** seems to have staged a rise now and looks like to making fresh tracks for further gains. Keep a watch.

Earlier week's topper realty finished at the bottom of the table owing to profit taking at the higher levels. One can look to buy on declines here in the stock like **DLF, Lanco, Unitech etc**.

Sector Index	Close	Wkly Chng	Pivot	Support	Resistance
BSE METAL INDEX	13945.39	8.84	13626.78	13171.58	14400.58
NSE BANK NIFTY	8042.2	7.74	7871.75	7660.65	8253.3
B.S.E.SENS.INDEX	17291.1	4.39	17084.08	16806.69	17568.5
CNX IT INDEX	4804.2	4.35	4736	4589.15	4951.05
S&P CNX 100 INDEX	4918.95	3.94	4871.25	4795.9	4994.3
S&P CNX NIFTY INDEX	5021.35	3.8	4971.43	4887.07	5105.72
BSE HEALTHCARE INDEX	3784.21	3.56	3738.4	3687.16	3835.45
BSE MID-CAP INDEX	7422.43	3.09	7358.22	7278.92	7501.72
BSE AUTO INDEX	5332.26	2.67	5289	5230.23	5391.04
BSE OIL & GAS INDEX	9561.95	2.38	9608.08	9366.53	9803.51
BSE CONS.DURABL INDX	4804.24	1.18	4790.33	4731.2	4863.37
BSE CAP.GOODS INDEX	14679.84	1.1	14728.32	14448.61	14959.54
BSE FMCG SECTOR INDX	2161.35	0.39	2148.81	2122.7	2187.46
BSE REALITY INDEX	9178.53	-0.05	9164.49	8902.63	9440.38

Sector Watch: Mid cap banks meet demand

Most of the **banking** counters showed brilliant moves in the last month with many of giving strong breakouts on the higher degree charts. This kind of development on volumes clearly suggest strong fireworks from them in the coming days. The best movers among them are **Allahabad bank, Andhra bank, DCB, Yes Bank, Centurian Bank, Syndicate bank, Vijaya Bank etc**. All of them are placed in a good shape and continue to show promise for further gains. Fresh investment of short-term nature to be considered here at current and on dips if any. **Indusind Bank** on the other hand seems to have halted its progress owing to profit booking after a good rally. Trader's favorite such as **BOI & Union Bank** were in good clip and also contributed good gains to the sector. With lot of steam still left, one can still buy at the current levels too.



Source : ASA

Medium Term Investment: Austin Engineering (132.25)

Austin Engineering, is a manufacturer of the widest range of ball and roller bearings in India. It caters to the needs of engineering equipment manufacturers, steel plants and steel rolling mills, process industries, automotive industries. The consistent rise in profits in its recent quarters may be some of the major trigger to bring in strong demand in this counter in the last few months as it has been spurting on strong volumes and momentum.

From this bit of fundamental info, we now shift focus to the technical picture on the monthly chart. We can clearly make note that prices have been forming good long-term pattern development over the years. It is a fractal rounding pattern; one of our favorite patterns as our readers already know. Starting from the bottom made in the year 2001 around Rs 2.00, this stock has been progressing up steadily. Prices gave first breakout from its primary base pattern around 20 in the year 2004. Next couple of years of swift advances led the stock to complete its next set of pattern in the year 2005 and a decisive move above 71 sent prices rocketing higher to 130 in May 2006. Strong volumes seen in last couple of years clearly evidences some big shift in holdings, indicating that buyers are active here. Presence of strong Gann line resistance near 130 levels led the rise to come to an halt. Testing this region several times, prices made all the efforts to move past this hurdle. After every such attempts prices crashed lower on some sell off. This brought the prices down near the 71 where it almost near the 61.8% retracement of its prior rising leg. With some strong buying presence near the support led prices to recover neatly from the lows. Last month's swift rise led the stock to trigger a fresh upside move from the said Gann line hurdle. This decisive move now set the trends in the motion to progress towards the completion of the long-term rounding pattern around 162. Along with this rise in prices and volumes, the momentum readings on all time frames are extremely well placed and should continue to support the moves ahead. We have highlighted here is the monthly RSI oscillator, which has not been able to sustain below 60 in its last few months of corrective phase. This is a positive signal and therefore chances of overcoming 162 region are brighter. Now if everything happens as per our projected lines and then it will bring in more acceleration to the trend to push stock to higher targets.

Hence given the bullish pattern that the stock exhibits and sound fundamentals, we strongly recommend long-term investments into the stock. Those desirous of timing the investment should invest some here and add on more once the breakout past 162 is achieved decisively. Using projection techniques, long-term targets on the higher comes to around 324.

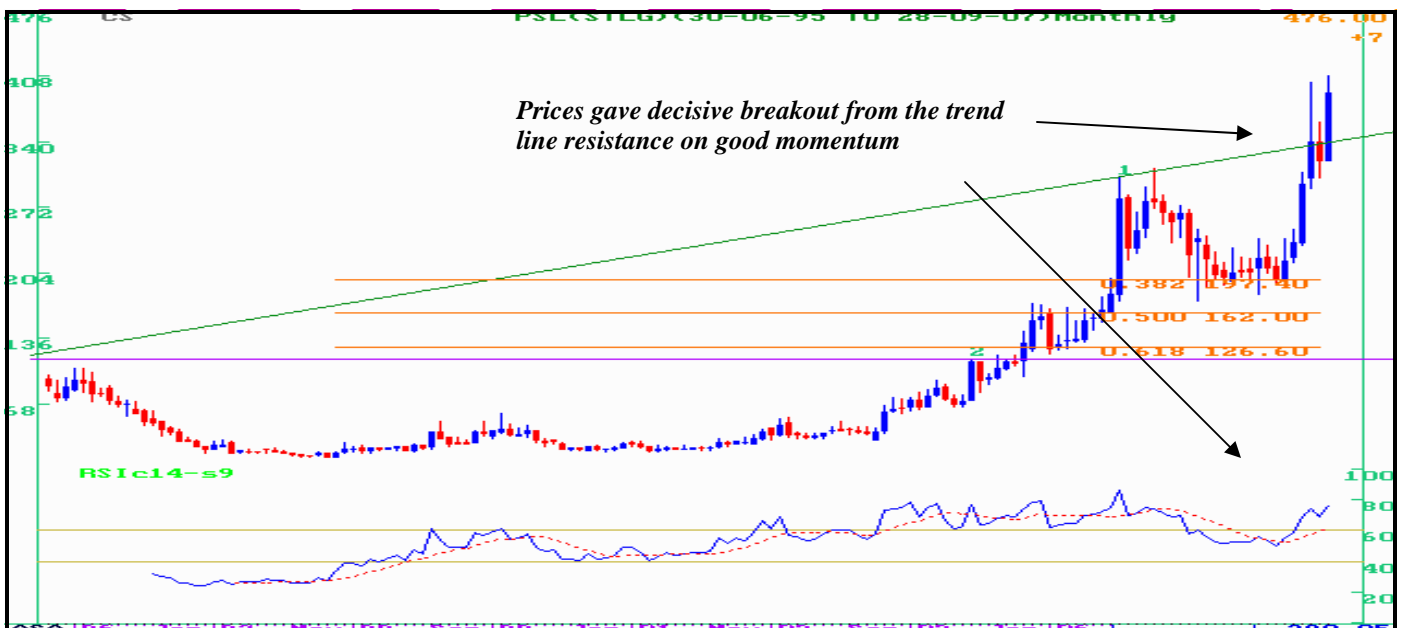


MEDIUM-TERM: PSL HOLDING (390.05)

PSL is engaged in various types of pipe coating and pipe manufacturing activities. It posted a net profit of Rs 621.6 million for the year ended March 31, 2007. In its recent developments, the company has received an approval from the central government to establish SEZ for alternative energy and energy ancillaries. It has also secured several orders in the last few months and one of them was from Oman worth 2.4 mn. Given all the above strong growth on fundamentals, we shall now move down to analyze the technical prospects to find out the future prospects of the stock.

History of the stock tells us that it has been around for long time now. From the lows of around 18 it has traveled great distance up north owing to steady buying activity. This vertical advance completed the long-term accumulation pattern in September 2004 and also staged a breakout. After a brief period of consolidation above the breakout region, prices during July to Sept 2005 sky rocketed where it went past the pattern targets levels to hit a high of 312. But with the trends on the long-term charts getting overstretched and the highs looking juicy to book profits prices topped out and slipped into a reaction phase. Interesting to see that this decline retraced just 38.2% of its prior long-term rising leg around 187. We have always maintained that any reaction in the long-term uptrend will retrace mostly 38.2% of its primary leg or maximum up to 50% level. If prices rebounds from 38.2% levels chances of new highs are very bright. Just as expected prices after consolidating around 187 commenced a rise which later on turned to be a stronger one. It not only recouped all its prior losses but went to hit a new high of 402 in July 2007. In doing so, it also completed a small accumulation pattern around 305 level and are seen holding above it. Prices for last two months are seen negotiating with the intermediate trend line resistance around 343 and forming upper shadows near it. Last month strong rise led prices to give a decisive breakout from the trend line and has given monthly closing above it. This positive developments on prices will now lead to meet the pattern target of 423, which is the immediate target for the stock. Oscillator picture on all the time frames continue to maintain a bullish outlook. One of them to highlight here is the monthly RSI where the momentum is placed above 60 and continue to show strength. This indicates that the uptrend has been maintained here and the stock has lots of room for the higher targets in the coming months. Also we can see the volumes building up here, which shows the consistent buying interest in this stock.

With the stock on steady bull run and doing well on the fundamental side with renewed signal of bullishness on the charts, we suggest using the current levels or any dips to buy here for the immediate target of 423. Once past this one could expect prices to move towards 570/ 660.



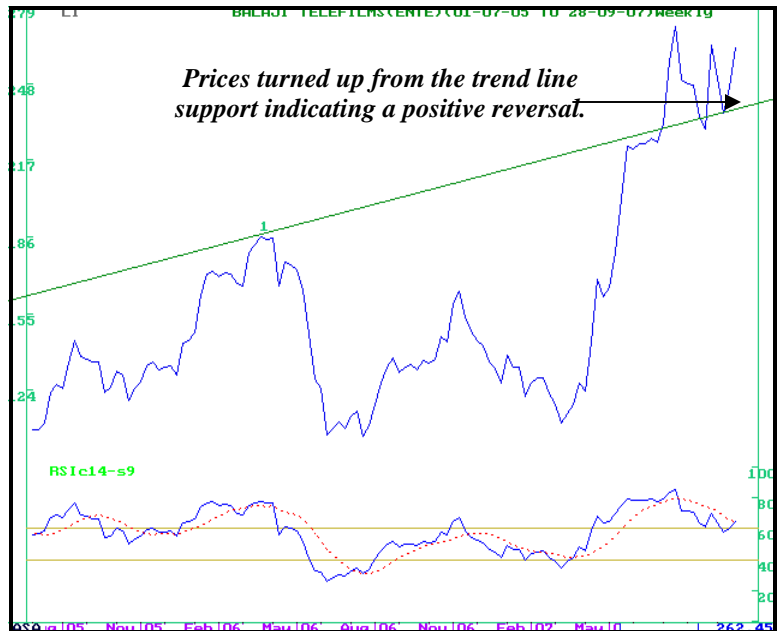
SHORT-TERM INVESTMENTS

Balaji Telefilms (262.45)

This stock from media sector has been going thru corrective phase for a while now. On the weekly chart, we note that prices in its recent dip managed to hold good support of the trend line and saw a nice bounce back.

Last week's rise seems to have shown promising signs of launching fresh uptrend here. It is now seen challenging it prior tops of 278. With the formation of positive reversal pattern on the weekly RSI indicator above 60, we expect the stock to fix themselves into a new orbit by hitting an all time high in the coming days. Volumes on this come of price are good and that indicates that buyers are getting active here.

With this kind of developments, we suggest to buy at current and on dips down to 255 for a target of 290/328 with a stop 234.



Source : ASA

Futura Poly. (32.90)

The company manufactures heavy organic chemicals and synthetic yarn. This stock are seen buzzing on the bourses by hitting circuit filters on good volumes, indicating that players are getting very active at the counter.

On the daily chart, we find that prices have formed a nice accumulation pattern. The breakout region comes to around 30. Recent set of rise power prices to trigger a breakout from the said pattern and closed up. The daily RSI indicator has moved above the 60 levels showing momentum is supportive. This move has now opened room for the substantial gains in the future.

The technical picture being so encouraging and the demand for polyester increasing in the world market, we recommend buying now with a stop 27 for a target of 45/60.



Source : ASA

SHORT-TERM INVESTMENTS

Yes Bank (206.80)

Banking stocks especially the private sector ones were in the limelight in last whole week. Among them this was one of the smart movers in last week. Volumes on this move was pretty good.

The attached weekly chart shows that prices were stuck in a down to sideways mode in the recent sessions. Holding good support of the intermediate trend line suggested the fact that the uptrend is intact here. Last week's rise has led prices to overcome its valuation area of 195 and closed at new highs. This is certainly significant as it marks the beginning of the halted trend. The weekly CCI oscillator has zoomed above zero region, indicating good momentum backing here.

Buy now and on dip down to 195 for rise to 228/246 with stop of 185.



Source : ASA

Jindal Stainless (169.60)

Prices over a period of time have been stuck in a sideways consolidation phase. In this period, we saw prices finding hard to clear Sept 05 top around 165 and formed multiple highs near it.

Smart rise launched in the last week has completely different flavor of it. This time it decisively gave a breakout from the crucial hurdle of 165 and has closed above it. This is a bullish signal for the trend. Also, we can see the weekly stochastic oscillator ticking up afresh from 80 with the current move. This development makes us to expect some speedier moves here and lead prices to newer orbit. An increase in volumes accompany the current move and that is healthy signal for the trend.

Hence we recommend our readers to buying for rise to 180-185/ 204 with stop of 159.



Source : ASA

Disclaimer

This document has been sent by IDBI Capital Market Services Ltd (IDBI Capital) and is meant for the recipient for use as intended and not for circulation. This document should not be reported or copied or made available to others. The information contained herein is from the public domain or sources believed to be reliable. While reasonable care has been taken to ensure that information given is at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the very nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as such. IDBI Capital, its directors and employees, will not in any way be responsible for the contents of this report. This is not an offer to sell or a solicitation to buy any securities. The securities discussed in this report may not be suitable for all investors. Investors must make their own investment decision based on their own investment objectives, goals and financial position and based on their own analysis. IDBI Capital, its directors or employees, may from time to time, have positions in, or options on, and buy and sell securities referred to herein. IDBI Capital, during the normal course of business, from time to time, may solicit from or perform investment banking or other services for any company mentioned in this document.