

Nifty Futures (Front month series):(5197.85)

There was carnage on the Indian bourses of a magnitude which was unexpected in a single day. The largest single day fall eroded 8.7% from Nifty and Nifty futures closed the day with a loss of 532.5 points. All the sectors witnessed steep fall and the midcaps and small caps also came under severe selling pressure. The threat of US recession and margin calls and selling pressure by FII along with the sucking out of huge funds by the large sized IPO led to the mayhem. Margin calls will continue to exert pressure in the markets. Technically, 4864 - 4900 is now a strong support region and if this region is broken decisively, the downswing is likely to gain momentum and nifty futures may then slide to test the 4650 level and below that, to 4550 and 4330. Its immediate support is in the region of the 200 day exponential moving average which is posited at around 5070 for today. On the higher side, immediate resistance is in the 5230 region and above that, 5350. It must close decisively above 5460 for some semblance of stability and above 5630 on closing basis to signal strength. Markets are likely to open weak on fresh margin calls. The Asian markets have opened deep in the red with a loss of 2 -5.5%. European markets closed the last trading session with a loss of 3 - 7%. Given this scenario our markets may open gap down and that may result in fresh margin calls. The steep fall must first be arrested for stability to return to the markets. The pull backs may be equally sharp giving rise to high volatility so caution is advised. Staggered buying may be done around strong support regions strictly for delivery purposes.

Resistance: 5230, 5350, 5460, 5630, 5700, 5775, 5854, 5890, 5940

Support: 5100, 5070, 4900, 4864, 4800, 4650, 4500, 4390, 4285.

Micro technologies (259): This counter has fallen from a high of 385 to touch the low of 256.55 in 14 trading session and the steep fall has happened on the last trading session from around 335 levels. The 205 - 240 has been the congestion zone for this scrip and once it enters this zone again, it is likely to consolidate here. Long positions may be taken in this region on dips closer to the lower levels of the band for investment purposes with a stop if 190 region is decisively breached.

Resistance: 270, 290, 304, 316,336

Support: 252, 240, 232, 192, 180

Aban Offshore (3699.75): This counter has a strong support in the 2500 -2700 region. The scrip would have eroded 50% of its value from a high of 5416 around that region making it an attractive investment and long positions may be taken in the 2700-2500 region with a stop below a decisive breach of the 2100 level. It is likely to move up to 4000 level on a pull back if this level holds in the slide

Resistance: 3930, 4020, 4135, 4430, 4500, 4700

Support: 3670, 3576, 3500, 3350, 3035, 2715, 2500, 2100

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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