

Daily Update

Damage Already Done

The Nifty lost 122 points over the week to close at 5408. After a long time the last week belonged to the bears as the index tested our presented topping area of 5540-5560 in the first half and thereafter lost substantial ground.

The trading action last Friday was particularly significant as a number of breakdowns took place. Firstly, the index broke an important trendline, which has been supporting the market repeatedly, that stood at 5450. Secondly, the indices closed below their short-term moving averages for the first time in two months clearly indicating that the bulls could be losing control of the set-up. Thirdly, a clean looking breakdown was spotted on the daily indicators thereby confirming the price action behaviour. Finally, the weekly oscillators remain overbought and have only now generated a sell trigger along with a bearish candlestick pattern. This entire set-up calls for further downside with immediate support at 17850/5350. Once broken the next levels that should come into play are 17400/5230. We shall adopt a step-by-step approach from current levels.

The MT topping out scenario for the Banking index will weigh heavily on the frontline indices as this particular index was almost solely responsible for the rally in the last few weeks. The US market pullback is unlikely to sustain. Overall, with the damage already done, pullbacks are unlikely to sustain with resistance around 18200.

Sector	Trend	Outlook
Technology	Downwards	Further weakness likely
PSU	Upwards	Stays above support
FMCG	Upwards	Pattern formed negative
Healthcare	Neutral	Downside capped
Mid-cap	Downwards	Further downside likely
Banking	Neutral	Could be topping out
Consumer Durables	Upwards	Pattern formed negative
Capital Goods	Neutral	Close to a downtrend

Gautam Shah (CMT, CFTe, MSTa)
gautam.shah@jmfinancial.in
Tel: (91 33) 3987 0330

OUTLOOK FOR THE DAY*

Mildly Bullish

MARKET INDICES

Sensex : 17998

Nifty : 5408

LEVELS TO WATCH

Support : 5383, 5372

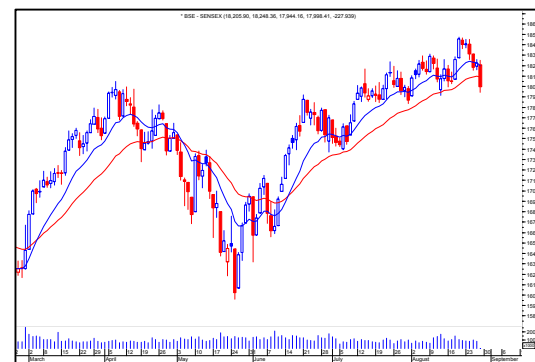
Resistance : 5426, 5448

STOCK MONITOR

TCS (F)
Mundra Port (F)

Exhibit 1

Sensex – Moving averages broken



Source : JM Financial Services – Technical Analysis

STRATEGIES FOR THE DAY

- **TCS Sep. Future (₹ 856)**

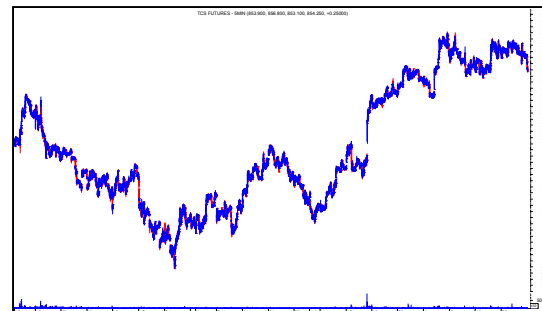
Sell only in the region 860-865 with a stop loss above 882 for a short-term target of 822 and 800.

- **Mundra Port Sep. Future (₹ 773)**

Sell only in the region 779-785 with a stop loss above 801 for a short-term target of 742.

Exhibit 2

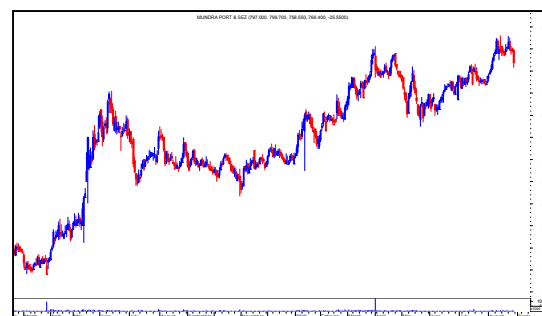
TCS



Source : JM Financial Services – Technical Analysis

Exhibit 3

Mundra Port



Source : JM Financial Services – Technical Analysis

Glossary (for the index) *

Bullish:	Expected gain > 1% for the day
Bearish:	Expected downside < 1% for the day
Mildly bullish:	Expected gain \geq 0.5% but \leq 1% for the day
Mildly bearish:	Expected downside \geq 0.5% but \leq 1% for the day
Volatile:	Expected movement between \geq +/- 1% for the day

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Our Network

Mumbai

Corporate Office

Apeejay House.

Dinshaw Vachha Road,
Churchgate, Mumbai - 400020
Tel : + 91 22 67040404

Fort

2,3&4 Kamanwala Chambers,
Sir P M Road, Fort,
Mumbai - 400 001
Tel: + 91 22 66333030

Vile Parle

1st Floor, Patel House,
M. G. Road, Next to Bank of Baroda
Vile Parle East, Mumbai - 400 057
Tel : + 91 22 67077440

Andheri

2/003, Anushka, New Link Road
Opp. Oshiwara Police Station,
Oshiwara, Andheri (W), Mumbai - 400 010
Tel : + 91 22 6619 1600

Malad

Palm Court, 4th Floor, M wing, Link Road
Malad (West), Mumbai - 400 064
Tel : + 91 22 6761 7000

Borivali

118, Dattani Trade Center, 1st Floor
Shop No 6,
Chandavarkar Road, Borivali West,
Mumbai - 400 092
Tel : + 91 22 66959120

Ghatkopar

424/ 425, 4th Floor, Kailash Plaza,
Vallabh Baugh Lane, Ghatkopar (E),
Mumbai - 400 077
Tel: + 91 22 67104559

New Delhi

114-Himalaya House, 11th floor
23, Kasturba Gandhi Marg,
New Delhi - 110 001
Tel : +91 11 30925500 (011) 4130 565

Ahmedabad

Ashram Road

G - 10, Chinubhai Center,
Near Nehru bridge Corner, Ashram Road,
Ahmedabad - 380 009
Tel : + 91 79 2657 6666, 079-30013722

Atira Branch

B-101 - 104, Shivalik Plaza,
Opp.AMA, IIM Road,
Nr. Panjarpole Cross Road
Ambawadi, Ahmedabad - 380 015.
Tel : +91 79 3982 6700

Bengaluru

Residency Road

97/4, Residency Road,
Bengaluru - 560 025
Tel : +91 80 3091 2400 (080) 2299 7711

Malleswaram

199, 1st Floor, Yathi Raj Mutt Building,
11th Cross, Malleshwaram,
Bengaluru - 560 003.
Tel : +91 80 3983 0600 (080) 41282444,
41228380

M.G Road

14th floor, Premises No. 15-16/58-59
Vayudooth chambers,
No. 15 - 16, M. G. Road,
Bengaluru- 560 001
Tel : +91 80 3092 6900

Chennai

Gee Gee Crystal

5th Floor, 91-92,
Dr. Radha Krishnan Salai, Mylapore,
Chennai - 600 004
Tel : +91 44 42255666

Indore

D.M.Tower, UG 7 & 8, Ground Floor,
21/1 Race Course Road, Indore - 452 004,
Tel : +91 731 3072 111

Secunderabad

3rd Floor, 305, Jade Arcade,
Opp Paradise Hotel, M.G. Road,
Secunderabad - 500 003
Tel : +91 40 39825200

Hyderabad

9-10, Uma Chambers, 3rd Floor,
Road No 1, Banjara Hills, (Nagarjuna
Hills), Hyderabad - 500 034
Tel : +91 40 66360009

Kolkata

Kankaria Estate, 6 Little Russell Street,
Ground & 8th Floor, Kolkatta - 700 071
Tel : + 91 33 39870330 (033) 2281
6690-95

Pune

205, Business Guild,
Opp Krishna Dining Hall,
Law College Road, Erandwane,
Pune - 411 004
Tel : +91 20 39871600 (020) 6603
3730, 66207735/6

Jaipur

G-7 & G-8, Brij Anukampa,
Plot no. K- 13, Ashok Marg,
C-scheme, Jaipur - 302 001
Tel : +91 141 3984400

Rajkot

202, Solitaire, 2nd Floor, Swami
Vivekananda Marg, Near Municipal
Commissioner's Bungalow,
Ramakrishna Nagar, Rajkot - 360 002
Tel : +91 0281 398 4000

Surat

407, 4th Floor, 21-Century Business
Center, Near Udhana Char Rasta,
(0261) 3984000
Ring Road, Surat - 395 002
Tel : +91 261 39871600

Vadodara

G1 - Ground Floor, "Soham",
49 Alkapuri Society, Opp. HDFC Bank,
Alkapuri, Vadodara - 390 007.
Tel : +91 265 6626387

Vizag

Nandan Nirman,
Door No: 9-1-224/4/3, 1st floor
CBM Compound, Near Ramatalkies
Junction.,
Visakhapatnam - 530 003.
Tel : +91 891 3983737

JM Financial Services Pvt. Ltd.

Regd : JM Financial Services Pvt. Ltd 141, Maker Chambers III, Nariman Point Mumbai - 400021.
NSE - Capital Market INB 231054835 | F&O Segment INF 231054835 | BSE - Cash Market INB 011054831
F&O Segment INF 011054831 | Depository Participant - NSDL DP: IN-DP-NSDL-241-2004
CDSL DP: IN-DP-CDSL-236-2004 | Portfolio Manager: INP 000000621