

Technical Analysis

Stock of the Week

Powergrid: Rs104

Trend : Positive

Period 2 - 3 months

Target : Rs118 - 120

Faltering trend

India Outlook

Equity indices: The Nifty closed negative for the week. From a short / medium term perspective it has closed below 5435 which is a signal of weakness. The medium term technicals retain bullish strength but the short term trend has gained a bias to weakness. We prefer a neutral stance with a bias to weakness. A close above 5450 is required to return to a positive bias. The trend in the Mid Cap index too showed weak tendencies. We prefer to watch the trend for a week, given the present conditions.

Key Indices

Index	Close	WoW change	Short-term outlook	Key support	Key resistance
BSE Sensex	17998	-2.2%	Neutral	17600	18300
NIFTY	5409	-2.2%	Neutral	5325	5500
CNX Defty	3994	-2.8%	Neutral / Positive	3900	4125
BSE CG	14831	-0.4%	Positive	14300	15300
BSE Bankex	12287	-1.9%	Positive	12000	12900

Global Outlook

Commodities: Metals continued consolidating during the week. Aluminium remains the exception as it trended lower. It can now recover. The overall bias for metals remains positive. Bullion witnessed sharp volatility, but it continues to lack momentum. A directional thrust is not expected at present. Crude may recover now, but faces significant resistance at \$77.

Currencies: The USD/INR remains range bound and continues to lack direction. Choppiness is likely to continue. The Euro declined to 1.26 as expected. It can now recover to 1.30. The USD/JPY is weak and we prefer a wait & watch at this point. Our short term bias on the DXY is positive.

Global equity indices: Trends of key indices are given below.

Country	Index	Closing	Key comments
USA	S&P500	1047	Looks weak
CHINA	Shanghai	2612	Positive medium term trend
HONG KONG	Hang Seng	20592	Wait & watch
Japan	Nikkei	8991	Weak over medium term
MS Emerging Mkt	MSCI	966	Bias positive

Index Watch

NIFTY (5409)

Gain/Loss over the week: down 122 points (-2.2%)

Outlook for next week: Neutral

Our tools: We have used a weekly bar chart along with momentum

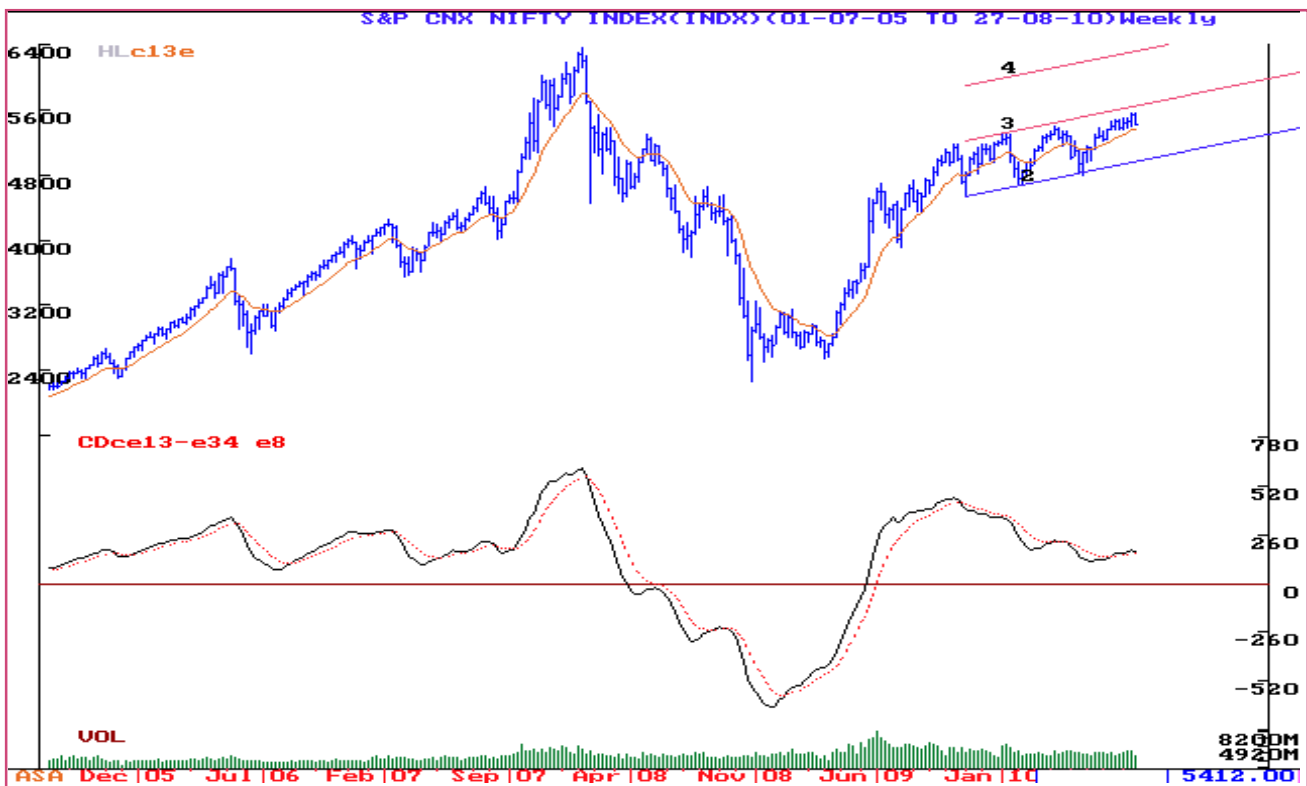
Index is trading within a trendchannel in its weekly chart: The Nifty has been trading in a trend channel since November 2009. The upper line of the channel is indicated at 5645 while the supporting line is reading at 4960.

Moving average crossover: The combination of medium and long term MAs used for tracking the trend are in positive positions, suggesting a bullish medium term trend.

Medium term momentum has gained strength: The medium term momentum (MACD) has turned up and is above its trigger line. This suggests that a bullish trend can develop which can sustain through time.

Outlook: The trend in Nifty remains positive in the medium term charts. However today's weak close has generated weakness in the daily charts (not drawn here) and this is likely to lead to some confused moves in the short term. We prefer a neutral stand at present with a bias to weakness.

Support	5400	5325	5275
Resistance	5450	5500	5525



Index Watch

NSE Midcap (8758)

Gain/Loss over the week: down 173 points (-1.9%)

Outlook for next week: Neutral

Our tools: We have used a weekly bar chart along with momentum

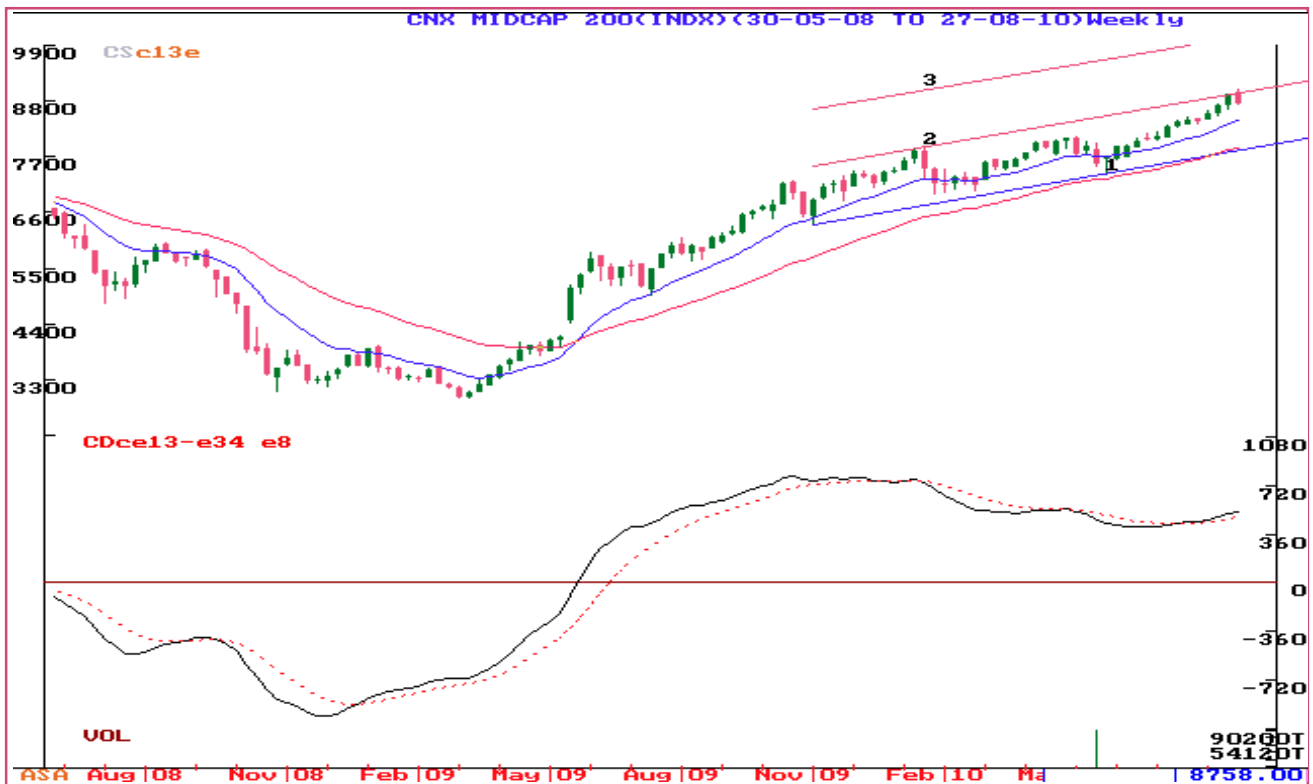
Support	8650	8500	8300
Resistance	9000	9300	9500

Trendchannel: The index is trading within a rising trendchannel over the last few months. This structure is essentially bullish in nature. The upper resistance line of the trend channel is presently reading at 8900. A decisive break out above this level yields a target of 10150 for the NSE Mid Cap index. However, the index has faced stiff resistance at this very channel.

Moving Average cross over: The combination of short and medium term MAs used for tracking the trend in the weekly charts remain in a bullish cross over.

Momentum: The MACD indicator used here is moving up. It is in positive zone which is a bullish sign. The indicator continues to read above its trigger line. To that extent, the medium term momentum remains positive.

Outlook: The Midcap index, in its weekly charts continues in its bullish trajectory. However, it has faced resistance at the top of the channel. Until it breaks out from the channel (level is at 9000), a fresh bullish thrust cannot be expected. We prefer to be neutral at this point with a bias to weakness.



POWERGRID

Price: CMP Rs104

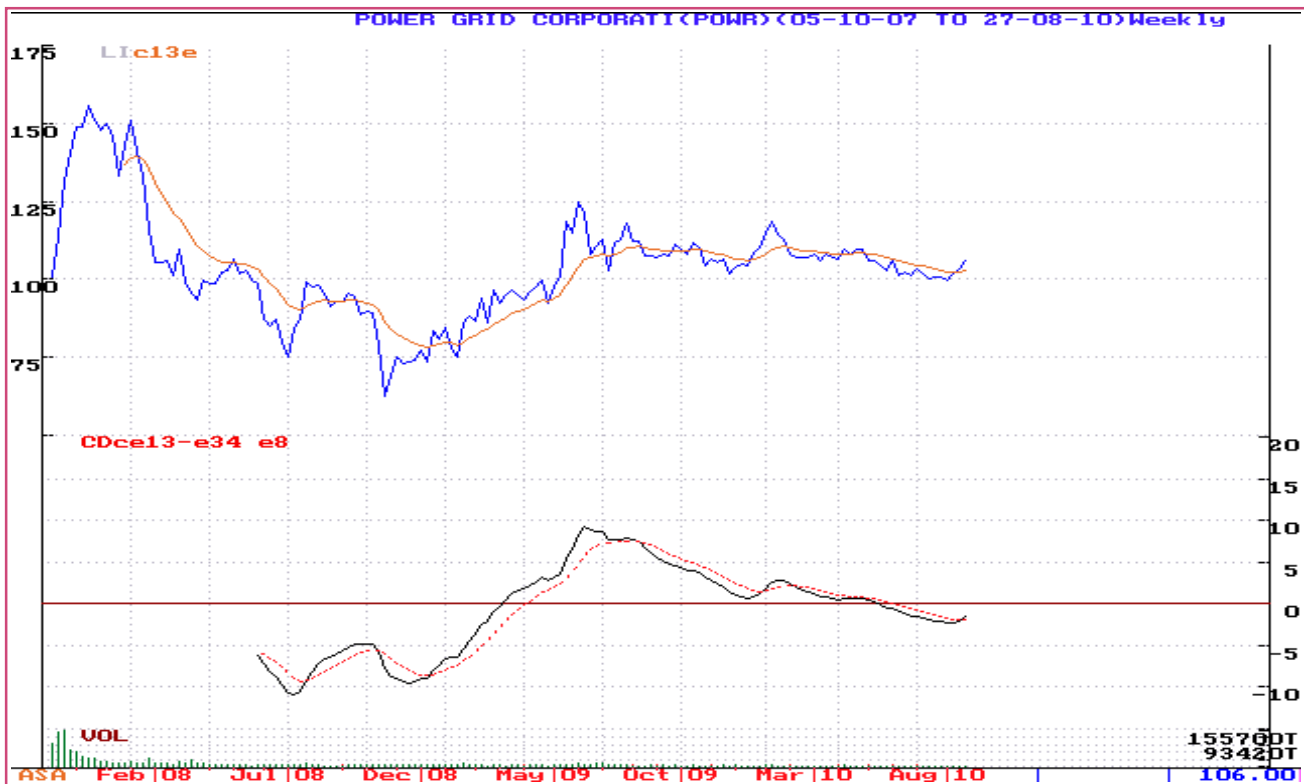
Outlook: Positive over the medium term.

Target Price: Rs118 - 120 in 2-3 months.

Moving Averages crossover: On a weekly closing basis, the price of Powergrid has closed above its medium term average for the last two weeks. From a medium / long term perspective this is an early bullish signal.

Momentum gains upward bias: The medium / long term momentum (MACD) has started moving up. It has also moved above its trigger line which confirms a positive trend. The uptrend can be sustainable.

Recommendation: The price of Powergrid is beginning to recover again. This could prove to be the early phase of an uptrend that can sustain in time. Momentum indicators are gaining strength from a medium / long term perspective. We expect the price to rise to Rs118 - 120 in the next 2 - 3 months.



Sector Watch

CNX Defty (3994) down 115 points (-2.8%):

CNX Defty

CNX Defty		
Supports	3950	3900
Resistances	4075	4125

The Defty slipped again, but it remains within its trading range. The overall trend remains positive and a break above 4150 would be seen as a break out from the present range.

BSE PSU (9735) up 28 points (+0.3%):

BSE PSU

BSE PSU		
Supports	9600	9375
Resistances	9800	9900

The PSU attempted a break out but has returned back into its trading range. Medium term technicals remain positive and we expect the index to improve over a period of time.

BSE Bankex (12287) down 240 points (-1.9%):

BSE Bankex

BSE Bankex		
Supports	12100	12000
Resistances	12600	12900

The Bankex has retreated a bit during the week. Medium term indicators continue to be bullish and the positive trend should continue. We are bullish on the overall prospects of this index.

BSE IT (5425) down 92 points (-1.6%):

BSE IT

BSE IT		
Supports	5300	5175
Resistances	5550	5675

The IT index remains trapped in its sideways range. Medium term signals too are yet to turn bullish. A move above 5700 would signal a bullish break out. We prefer to be neutral as regards this index.

BSE Cap Goods (14831) down 57 points (-0.4%):

BSE Cap Goods

BSE Cap Goods		
Supports	14600	14300
Resistances	14900	15300

The Cap Goods had a narrow ranging week. But the underlying momentum in the trend remains positive. We expect the recovery to continue.

BSE Auto (8751) down 124 points (-1.4%):

BSE Auto

BSE Auto		
Supports	8600	8700
Resistances	8950	9200

The Auto index declined this week. However, its medium term indicators remain in a positive position and we expect more upside to the index from here.

Commodities

Aluminium (\$2023)

Aluminium		
Supports	2025	2000
Resistances	2100	2140

Aluminium has remained weak but seems to be getting support at the \$2000 level. We prefer to wait & watch but retain our positive bias for the overall trend.

Aluminium

Zinc (\$2050)

Zinc		
Supports	2025	1950
Resistances	2125	2175

Zinc prices continue trading below its 200 DMA(2166). The present movements are in line with our view that a consolidation is taking place in the trend. Our overall bias remains positive.

Zinc

Copper (\$7305)

Copper		
Supports	7200	7100
Resistances	7325	7500

The price of Copper has bounced from its 200 DMA (7090). It can rise to \$7500 again. The overall trend retains a bullish momentum. We continue with our positive bias on the metal.

Copper

Gold (\$1236)

Gold		
Supports	1220	1200
Resistances	1250	1280

Gold prices have been very volatile this week. The \$1250 area remains a significant resistance. We do not see a significant directional thrust developing in this chart in the near future.

Gold

Silver (\$18.96)

Silver		
Supports	18.50	18.00
Resistances	19.25	19.50

The price of Silver rose sharply this week. But it remains in a trading range. A broad consolidation move is playing out in the metal over the medium term. The prices can range between \$17.5 - 19.5 in this period.

Silver

Crude Oil (\$73.08)

Crude oil		
Supports	72.75	71.50
Resistances	73.75	74.75

The price of Crude Oil has bounced after hitting a low of \$70.75. This can be a minor bottom at present and a recovery can now take place. However, the overall trend remains weak. Significant resistance can be encountered around \$76 - 77, which is where its 200 DMA is presently located.

Crude oil

Currencies

Dollar/Rupee (46.87)

Dollar/Rupee

Supports	46.50	46.20
Resistances	47.00	47.25

The USD/INR continued trading within a band during the week. The trend remains choppy and is likely to stay so. A directional thrust is not expected to develop in the near future.

Dollar/Rupee

Euro/Dollar (1.2709)

Euro/Dollar

Supports	1.2670	1.2600
Resistances	1.2775	1.2850

The Euro traded in a narrow band last week. It did hit a lower level of 1.26 which is in line with our view. We believe that the downward momentum is exhausted now and a recovery can be expected to about 1.30.

Euro/Dollar

Dollar/Yen (84.72)

Dollar/Yen

Supports	84.00	83.50
Resistances	85.25	86.00

The USD/JPY remains weak. The downtrend is lacking in momentum now, but has so far failed to pick up. It is a wait & watch for now.

Dollar/Yen

Dollar Index DXY (82.94)

Dollar Index - DXY

Supports	81.25	80.75
Resistances	83.00	83.75

The DXY remains trapped in a narrow band this week. We expect this sideways drift to continue for a while. Our short term bias for the DXY remains positive.

Dollar Index - DXY

Global Equities

S&P 500 (1047)

S & P 500

S&P 500

Supports	1030	1000
Resistances	1070	1100

The SP500 drifted lower during the week. It also hit 1050 which is as per our expectation. The weak trend persists and it is likely to drift lower for some sessions.

Brazil (63867)

BOVESPA

Brazil

Supports	63500	63000
Resistances	64100	64500

The Bovespa received a setback this week. We expected a sideways drift but that has not worked out. Downward momentum is still quite strong and the index can explore further downsides.

China (2611)

Shanghai SE Composite

China

Supports	2600	2575
Resistances	2635	2675

The SSE has drifted to the lower end of its trading band. This sideways move is a short term correction which has set in in the trend. Medium term indicators remain positive and we expect the index to rise over the medium term.

Hong Kong (20597)

Hang Seng

Hong Kong

Supports	20400	20000
Resistances	20850	21100

The HSI has remained weak over the last few sessions. The overall trend continues to be indecisive. It is a wait & watch for us for the time being.

Japan (8991)

Nikkei

Japan

Supports	8950	8900
Resistances	9050	9100

The Nikkei trend has sunk lower and this remains in line with our bearish view on the index. We remain bearish on the medium prospects of this index.

United Kingdom (5161)

FTSE

United Kingdom

Supports	5125	5080
Resistances	5200	5225

The FTSE has sunk lower this week. The downtrend however, lacks momentum. A short term recovery could be in the offing.

MS Emerging Markets (966)

MSCI - EMI

MS Emerging Markets

Supports	965	940
Resistances	1000	1030

The EMI trended down to its 200 DMA(969).The index is likely to make a sideways movement over the coming weeks. However, the medium term bias remains positive.

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