

Technical Analysis

Stock of the Week

ICICI Bank: Rs 976

Trend : Positive

Period 3 - 4 months

Target : Rs1125 - 1150

Holding fort

India Outlook

Equity indices: The Nifty had a very choppy week amidst chaotic global cues. But the short as well as medium term charts have retained their bullish structures and the overall trend remains undamaged. We see the level of 5575 - 5600 as crucial resistance for the Nifty. Stronger trends can emerge after these levels are cleared. Our bias remains positive. The Mid Cap index too remains firmly bullish and is likely to advance from the current levels.

Key Indices

Index	Close	WoW change	Short-term outlook	Key support	Key resistance
BSE Sensex	18167	+0.1%	Positive / Neutral	17800	18500
NIFTY	5452	+0.2%	Positive / Neutral	5300	5625
CNX Defty	4043	-1.1%	Neutral / Positive	3975	4225
BSE CG	14690	+0.1%	Neutral / Positive	14300	15300
BSE Bankex	12196	+3.4%	Positive	11700	12600

Global Outlook

Commodities: Metals traded slightly weak. This is as per our expectations as a minor correction is natural after a rise. The overall bias for metals remains positive. Gold and Silver have traded mildly bullish but lack any directional thrust at present. Crude declined sharply in line with our view. We remain negative on Crude.

Currencies: The USD/INR has bounced up. The trend continues to lack direction and choppiness is likely to persist. The Euro has reacted and can consolidate for some time. The USD/JPY can bottom out from here. The DXY has recovered and may consolidate now.

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

Country	Index	Closing	Key comments
USA	S&P500	1083	Can decline to 1050
CHINA	Shanghai	2606	Positive medium term trend
HONG KONG	Hang Seng	21071	Wait & watch
Japan	Nikkei	9253	Weak over medium term
MS Emerging Mkt	MSCI	976	Consolidation expected

Index Watch

NIFTY (5452)

Gain/Loss over the week: up 13 points (+0.2%)

Outlook for next week: Positive / Neutral

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

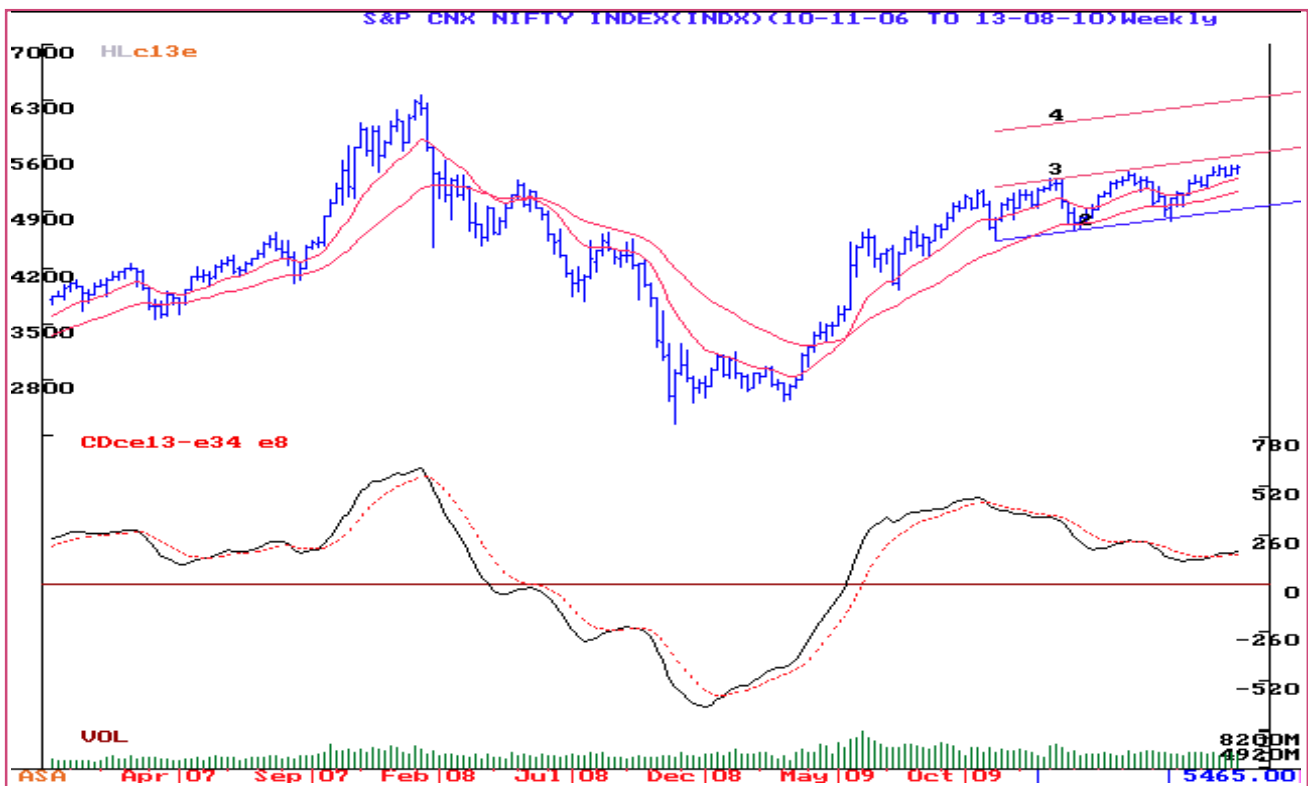
Index is making a trend channel in its weekly chart: The Nifty has been trading in a trend channel since November 2009. The upper line of the channel is indicated at 5625 while the supporting line is reading at 4940.

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

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 despite many global upheavals. It is facing strong resistance at 5475 which was our target level. The next resistance is likely to be in the range of 5575 - 5600, while the level of 5350 - 5325 can offer good initial support. We expect the trend to remain positive and rise over the coming weeks.

Support	5425	5350	5300
Resistance	5500	5575	5625



Index Watch

NSE Midcap (8710)

Gain/Loss over the week: up 164 points (+1.9%)

Outlook for next week: Positive / Neutral

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

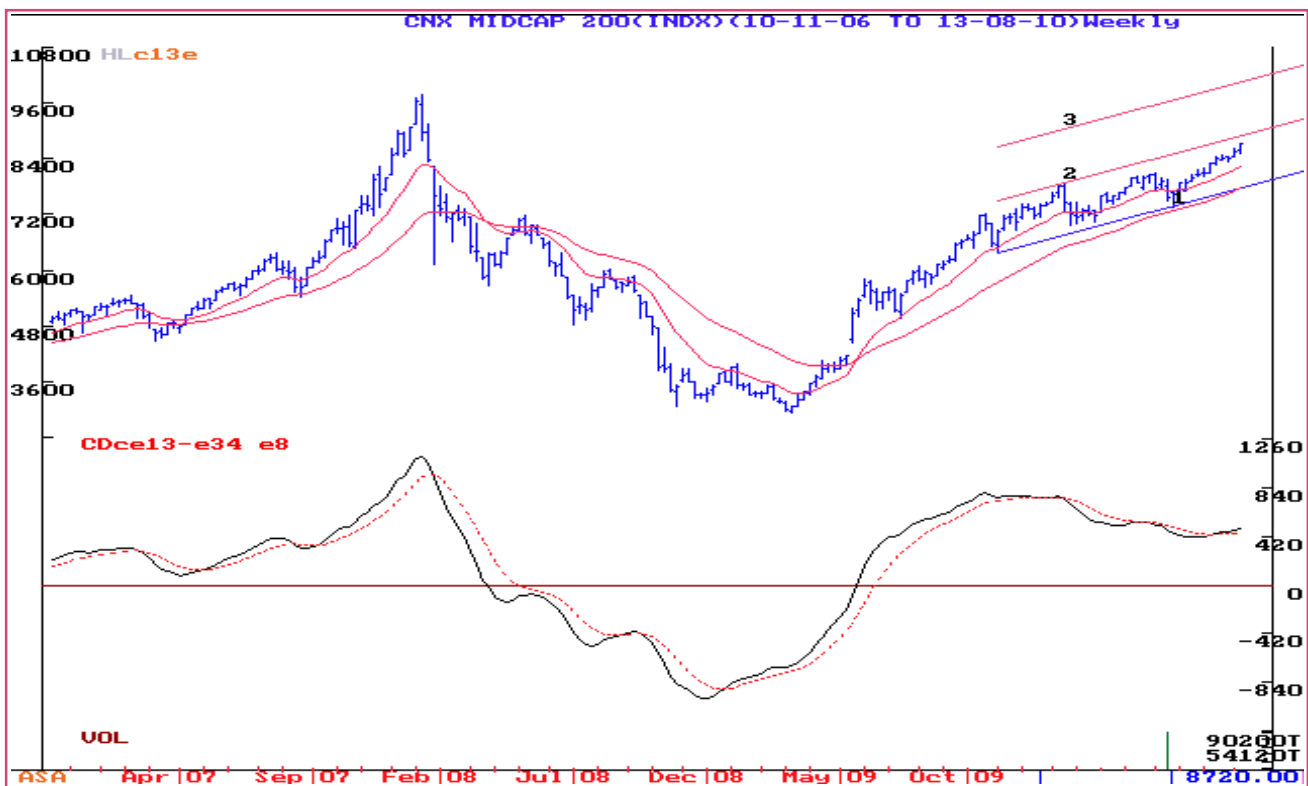
Trendchannel: The index is trading within a rising trendchannel over the last few months. This structure is essentially bullish in nature. The upper resistance line of the trend channel is presently reading at 8900.

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. The indicator is in its positive zone which is a bullish sign. The indicator has moved above its trigger line which indicates that the uptrend is gaining momentum and this momentum can be sustainable over the medium term.

Outlook: The Midcap index, in its weekly charts continues in its bullish trajectory. Its MAs as well as its momentum indicate strength. The trendchannel is indicating resistance at 8900 levels for the next week. The uptrend in the index remains intact. We are bullish on the prospects of this index.

Support	8650	8500	8300
Resistance	8900	9000	9300



ICICI BANK

Price: CMP Rs 976

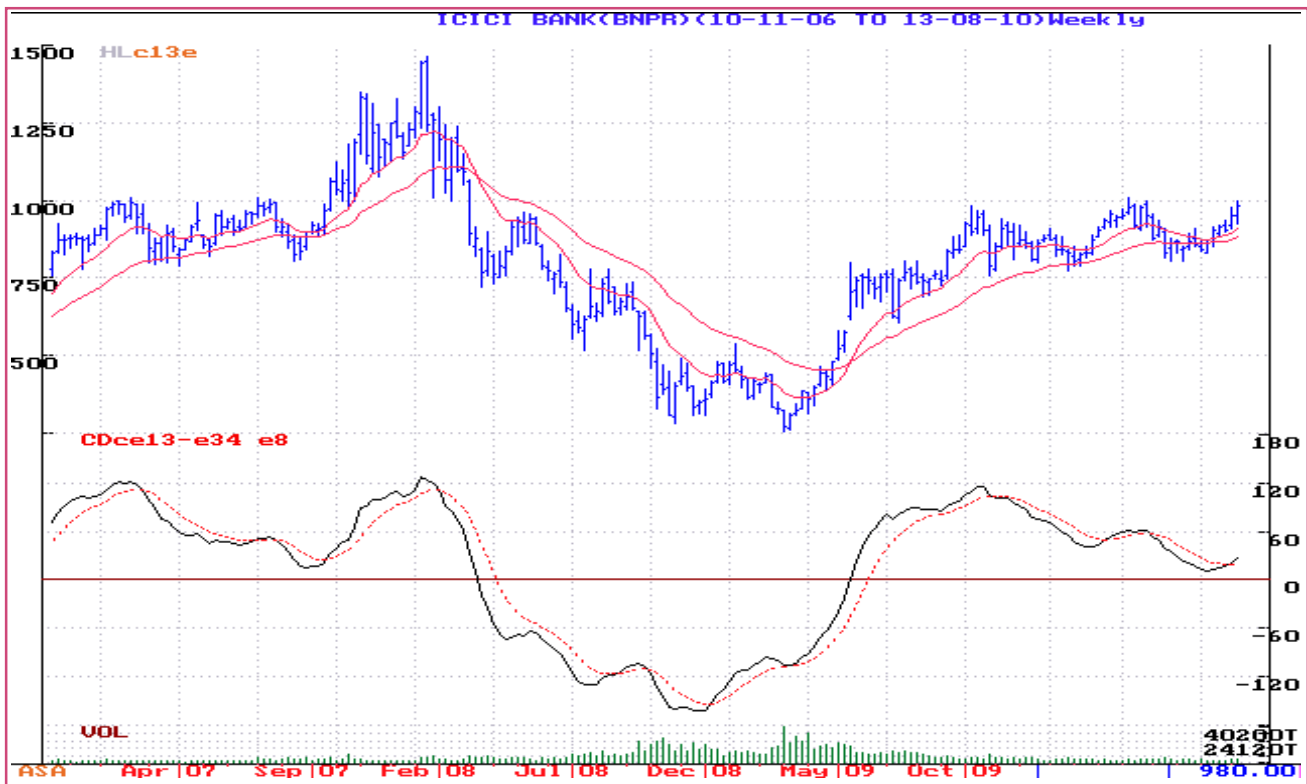
Outlook: Positive over the medium term.

Target Price: Rs1125 - 1150 in 3- 4 months.

Moving Averages crossover: The combination of medium and long term Moving Averages used for tracking the trend have stayed in a bullish position despite the long sideways correction which the stock has been making. From a medium / long term perspective this is a positive 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. This indicator is in its bullish zone. The uptrend seems sustainable.

Recommendation: The price of ICICI Bank is appearing to embark on an uptrend that could sustain in time . Momentum indicators are gaining strength from a medium / long term perspective. We expect the price to rise to Rs1125 - 1150 in the next 3 - 4 months.



Sector Watch

CNX Defty (4043) down 45 points (-1.1%):

CNX Defty

CNX Defty		
Supports	4050	3975
Resistances	4150	4225

The Defty has had a very choppy week. It has closed very mildly negative and remains within its trading range. This condition can last for some time. However, the overall trend remains positive and a break above 4150 would be seen as a break out from the present range.

BSE PSU (9675) up 101 points (+1.0%):

BSE PSU

BSE PSU		
Supports	9500	9375
Resistances	9700	9900

The PSU index continues within its trading range. Medium term technicals remain positive and we expect the index to improve over a period of time.

BSE Bankex (12196) up 403 points (+3.4%):

BSE Bankex

BSE Bankex		
Supports	12000	11700
Resistances	12300	12600

The Bankex continued its advance this week in line with our view. Medium term indicators remain bullish and suggest a period of positive trends ahead. We are bullish on the overall prospects of this index.

BSE IT (5514) down 125 points (-2.2%):

BSE IT

BSE IT		
Supports	5475	5400
Resistances	5600	5725

The IT index corrected slightly this week and has yet to break out from its sideways range. Medium term signals are on the verge of turning bullish. A move above 5700 would signal a bullish break out.

BSE Cap Goods (14690) up 2 points (+0.1%):

BSE Cap Goods

BSE Cap Goods		
Supports	14600	14300
Resistances	14900	15300

The Cap Goods index has closed flat during the week. The underlying momentum in the trend however, remains positive. While a short period of two way movements can occur, the overall trend remains bullish.

BSE Auto (8776) up 243 points (+2.8%):

BSE Auto

BSE Auto		
Supports	8600	8700
Resistances	8950	9200

The Auto index has continued with its bullish trend. Its medium term indicators remain positive we see more upside to the index from here.

Commodities

Aluminium (\$2163)

Aluminium		
Supports	2125	2075
Resistances	2225	2300

Aluminium has declined steadily to its 200 DMA (\$2130). This is a natural correction as we had expected. The overall uptrend remains intact and we retain our positive bias for the trend.

Aluminium

Zinc (\$2056)

Zinc		
Supports	2025	1950
Resistances	2125	2175

Zinc prices retreated from \$2175 which is its 200 DMA. The move in the metal is precisely as we expected. A positive momentum has set in. The near future can see some consolidation, but the overall bias remains positive.

Zinc

Copper (\$7255)

Copper		
Supports	7200	7100
Resistances	7325	7500

The price of Copper has retreated slightly. The overall trend has gathered a bullish momentum. We retain our positive bias on the metal for now.

Copper

Gold (\$1216)

Gold		
Supports	1200	1180
Resistances	1225	1250

Gold prices recovered mildly from last week levels. The \$1150 area has acted as a good support to the trend. We do not see a significant directional thrust developing in this chart in the near future.

Gold

Silver (\$18.15)

Silver		
Supports	18.00	17.75
Resistances	18.50	18.75

The price of Silver continues to be range bound. We believe that a broad two way 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 (\$76.42)

Crude oil		
Supports	75.75	74.50
Resistances	77.50	78.75

The price of Crude Oil has received a strong setback during the week. This is in line with our view and given the momentum, some more declines can be expected. A move below \$75 can see the price decline by a further 2 - 3 dollars.

Crude oil

Currencies

Dollar/Rupee (46.64)

Dollar/Rupee		
Supports	46.50	46.20
Resistances	47.00	47.25

The USD/INR has shot up sharply from its 200 DMA. While we expected support, the swiftness of the move was quite surprising. The trend remains severely choppy and is likely to remain so with no clear directional thrust.

Dollar/Rupee

Euro/Dollar (1.2855)

Euro/Dollar		
Supports	1.2800	1.2700
Resistances	1.2925	1.3050

The Euro has declined sharply, thus aborting its move to 1.35. The short / medium term bias remains positive despite this development. We expect the trend to consolidate over the next few weeks.

Euro/Dollar

Dollar/Yen (86.09)

Dollar/Yen		
Supports	86.00	85.65
Resistances	87.00	88.00

The decline in the USD/JPY is losing momentum and it can bottom around current levels. It is a wait & watch for now, but we have a positive bias for the trend.

Dollar/Yen

Dollar Index DXY (82.47)

Dollar Index - DXY		
Supports	81.75	81.00
Resistances	83.00	83.75

The DXY has bounced up sharply from its 200 DMA. This can be start of a corrective rally. A short period of consolidation can be expected now. Our short term bias for the DXY is positive.

Dollar Index - DXY

Global Equities

S&P 500 (1083)

S & P 500

S&P 500		
Supports	1070	1050
Resistances	1100	1125

The SP500 has crashed below its 200 DMA. This has disturbed its upward momentum and weakness has set in the trend. A decline to 1050 looks possible.

Brazil (65966)

BOVESPA

Brazil		
Supports	65700	65500
Resistances	66150	66450

The Bovespa has declined quite sharply, in line with the US markets. The momentum has weakened and this can lead the stock into a short term correction. We expect a decline to about 65000 from here, in the short term.

China (2606)

Shanghai SE Composite

China		
Supports	2560	2520
Resistances	2625	2650

The SSE has been trading sideways for the last few sessions. This is a short term correction which has set in in the trend. Medium term indicators have already turned positive and we expect the index to rise over the medium term.

Hong Kong (21071)

Hang Seng

Hong Kong		
Supports	21000	20700
Resistances	21250	22400

The HSI declined over the last two sessions. The trend has been very indecisive but retains a positive bias so far. It is a wait & watch for us for the time being.

Japan (9253)

Nikkei

Japan		
Supports	9200	9150
Resistances	9300	9350

The Nikkei trend remains volatile. We have consistently held a bearish view of this index and it has played out very well. We continue to remain bearish on the medium prospects of this index. The severe volatility is likely to continue.

United Kingdom (5250)

FTSE

United Kingdom		
Supports	5225	5200
Resistances	5300	5350

The FTSE continues stalling at its 200 DMA (5331). It faced resistance in the 5400 area and has fallen back. The technicals do not yet suggest a downtrend. A sideways trend looks more likely for the FTSE. The range can be 5200 - 5400.

MS Emerging Markets (976)

MSCI - EMI

MS Emerging Markets		
Supports	965	940
Resistances	1000	1030

The EMI has fallen back to its 200 DMA(968). The upward momentum has been damaged. The index is likely to make a sideways movement over the coming weeks.

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