

NSE Weekly Chart



Indices	Previous week	This week	% chg
Sensex	13072	12,856	-1.65
Nifty	3821	3752	-1.81
S&P CNX 500	3145	3100	-1.43
BSE 500	4955	4,879	-1.53
BSE Mid-Cap	5384	5,319	-1.21
BSE Small-Cap	6470	6,456	-0.22
BSE Auto	4869	4,605	-5.42
BSE Health	3649	3,647	-0.05
BSE FMCG	1739	1,720	-1.09
BSE IT	4899	4,821	-1.59
BSE PSU	5921	5,917	-0.07
BSE Bankex	6542	6,371	-2.61
BSE Oil & Gas	6419	6,369	-0.78
BSE Metals	8488	8,623	1.59
BSE Cons Dur	3570	3,604	0.95
BSE Cap Good	9074	8,955	-1.31

Levels to Watch

	Sensex	Nifty
Week High	12899	3820
Week Low	12425	3617
34 DMA	13098	3803
55 DMA	13248	3840
Swing High	13386	3901
Swing Low	12425	3617

The beginning of this week was marked by pessimism as the Nifty tanked closed to 5% on Monday and closed very weak. Later during the week we saw it inch upwards to make up for some of its loses. It closed positive for the rest of the three days of trading. Even so it finally ended the week in the negative losing 1.81% on a w-o-w basis at 3752. The Advance Decline ratio was very weak on Monday but remained adequately bullish for the rest of the trading days. The BSE Metal and BSE CD indices were seen outperforming the broader markets as they managed to give a positive close. In contrast the BSE Auto index gave a weak closing shedding more than 5% of its value this week. The BSE Bankex was another index, which underperformed the rest of the indices. There was lot of activity witnessed in sugar stocks this week.

Sectoral Speak

This week the **BSE Bankex** opened weak and broke the support levels of 6402 and 6375. Though it recovered some of its loses during the week, it closed negative on a w-o-w basis at 6371, losing 2.61% of its value. It made a low of 6110 and thus tested our mentioned level of 6125. This index took support at its 200 SDMA and made a low of 6110. It now has support at 6047. It will become weak only if it breaks that support level. In that case it can come down to 5793, which is the 50% retracement level of the rally from 3934 to 7553. The stochastic oscillator has given a buy on the daily chart, thus this index may come up to 6507 and above that 6601, these are 50% and 61.80% retracement level of the recent fall from 6904 to 6110. However, such bounce back should be utilized as an exit opportunity from long positions. A further sustainable upmove will be witnessed only if it is able to trade above 6905.

The **BSE Metal** index registered outperformance this week as it closed with a gain of 1.59% at 8623. This index has closed above its 200 EDMA accompanied by good volumes. It has also cleared the resistance level of 8521. Thus it may now scale up further and test the level of 8952. Above that it may face resistance at its recent high of 9115. **JSW Steel, Tisco, Jindal Steel and Power** and **SAIL** are a few strong stocks in this sector.

The **BSE IT** index gave a marginally weak closing on a w-o-w basis at 4821 and lost 1.59% of its value. This week it broke an important support level of 4712 but took support near its 200 SDMA and made a low of 4656 on Monday. It has made “**Hammer**” pattern on the weekly chart thus it may now retrace some of its recent loses and come up to 4886 and above that 4941, which are 50% and 61.80% retracement levels of the fall from 5117 to 4656. However, such bounce back should be used as an exit opportunity from long positions. It will turn bullish only if it is able to sustain above the level of 5117. This index now has support at 4656, if it breaks this support then it may come down to 4314 which is the 50% retracement level of the entire rally from 3017 to 5611.

The **BSE Auto** index weakened further this week as it broke an important support level of 4687. It gave a close below that support level at 4608, losing 5.42% on a w-o-w basis. We maintain the target of 4498 for this index; below that it can even test 4369. It will turn bullish only if it is able to close above its 200 EDMA at 5102.

Outlook for next week

After beginning the week on a pessimistic note the Nifty was seen recouping some of its loses for the rest of the days but it still closed negative on a w-o-w basis at 3752, losing 1.81%. We have been witnessing lot of selling pressure at every attempt to move up and have been advising caution at higher levels. We continue to maintain our view of exiting on rallies. We have seen the Nifty move in a “**Channel**” since the past one month, which is a band of 300 points. It has also taken support near its 200 SDMA thrice, which coincides with the lower band of the “**Channel**”. Now, if it breaks the level of 3630, which is the lower band of the mentioned “**Channel**” then it will become weak and in that case it can at least test the level of 3420, which is the 50% retracement level of the entire rally from 2595 to 4245. It has already retraced 61.80% of the fall from 3832 to 3617. Now if it sustains above 3771 then it can test 3795. However, any such bounce back should be used as an exit opportunity from long positions. It will gain any upward momentum only if it is able to stay above the level of 3901, which is its recent top and also the 50% retracement level of the entire fall from 4245 to 3554. The support levels for Monday are placed at 3709 and below that 3682.

Strategy :

- ❑ One should remain Cautious at higher levels
- ❑ Short term traders can keep a stop loss of 3550 for the Nifty

Action Points	Nifty	Action
Current Close	3752	
Immediate Resistance	3771	
Immediate Supports	3709	
Further Downsides	3682	
Further Upside	3795	

Recommendations

Date	Stock	Action	Recommendation Price	Stop-loss	Target	Current price	Comment
30-03-07	ITC	Buy	151.00 - 148.00	145.10	160.00	148.20	
30-03-07	GT OFFSHORE	Buy	626.00 - 610.00	582.60	710.00	607.65	

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