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FOR PRIVATE CIRCULATION

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Weekly Technical Update

Equities

The week past and expected

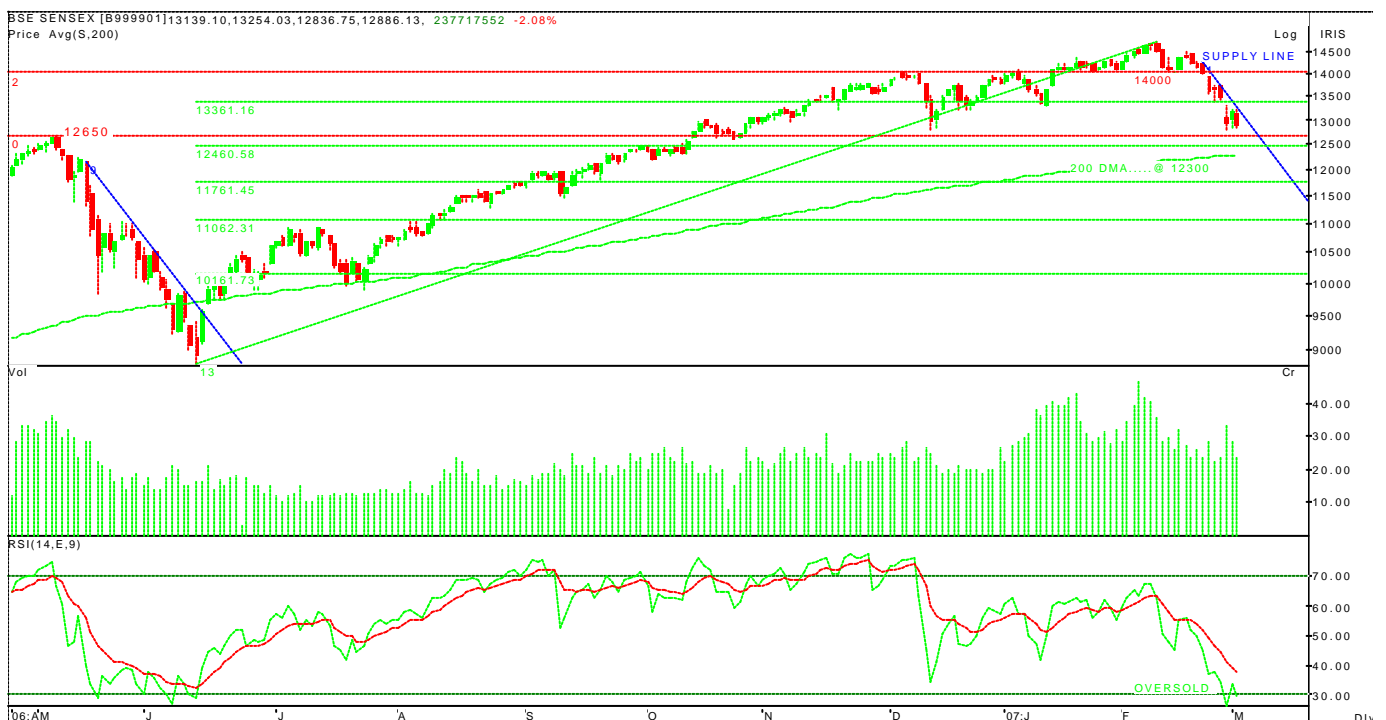
The market has consecutively lost more than 5% on a weekly closing basis and closed at 12886/3725 with a total fall of 13% from its immediate/recent highest levels of 14724/4245. The most important observation for the past week's trading pattern is that the market completely failed to breach the 'supply line' (upward side). This tells us that there is immense selling pressure or a strong bear grip.

The other observation is that the indices have held the levels of December's lows (12800/3650). However, this has lost its importance as the indices closed just above these levels and may even break these levels if indices open in the red on the back of weakness in the US/Asian markets on Monday.

At the current levels, what has happened in the last week is immaterial. We will look at whether the indices stabilize at any levels or not. If so, then we have to find out what the reasons are for those levels and the reasoning or requirement behind it. The level of 12650 and 12450 (3600/3500) may act as major support for the market.

Between these levels, the market has the support of May's significant top (12670). The Fibonacci retracement level is 12450 (3600 for the Nifty). Just below the abovementioned range it has support of 200 SDMA at 12300 (3560 for the Nifty). The RSI has already entered into oversold territory. Even though it suggests a strong bear grip but it also tells us that investing in few index heavyweight stocks on a staggered basis may yield decent returns in the near term.

BSE SENSEX - WEEKLY CHART



In brief, the market is going to enter into the zone of major support at 12500/3600, which is still 2% to 3% away from its current levels. If we compare stocks, in the same context, then at levels that are 5% to 6% more from current levels and till it reaches these levels confusion will remain on whether to hold long trading positions or not. This may even lead to humongous volatility.

According to the wave theory, the market may complete its first round of correction in any of the abovementioned levels and may bounce back sharply (beyond anyone's expectations). If it fails to hold on to these levels on a weekly basis, then the levels of 11800 are not ruled out.

Based on the above analysis and accordingly likely behavior of the indices based on technical analysis in the coming few weeks, buying is advisable in few index heavyweight stocks in the current fall with the delivery point of view in mind. This may certainly yield decent returns in the near term.

Staggered investments in Wipro, ICICI Bank and Sun Pharmaceuticals is advisable in the current fall with the medium term view in cash segment.

Stocks above 200 Days Simple Moving Average

Scrip Name	200 DMA	Lowest Low	Closings	Scrip Name	200 DMA	Lowest Low	Closings
ABAN OFFSHO	1,222.75	1,631.00	1,888.95	KARNATAKA BK	119.98	160.05	173.50
ABB LTD.	3,069.26	3,455.00	3,541.55	KOTAK MAH.BK	342.25	402.00	429.65
AMTEK AUTO	321.03	352.45	367.85	LARSEN & TOU	1,299.32	1,453.00	1,464.60
BH.EARTH MOV	1,012.53	1,020.00	1,068.90	LUPIN LTD.	517.39	550.00	601.50
BHARAT ELECT	1,184.09	1,353.50	1,487.75	MAH & MAH	721.80	762.00	770.75
BHARTI ARTL	510.84	661.25	707.35	MAH.SEAMLESS	396.87	465.00	482.80
BSE SENSEX	12,271.38	12,800.91	12,886.13	MPHISIS LTD	215.97	255.00	261.55
CAIRN IND	-	111.00	119.05	NAGARJ.FERT.	13.02	14.60	14.80
CESC LTD.	304.12	316.00	341.00	NDTV	222.99	282.00	323.60
CROMPT.GREAV	168.44	172.05	199.75	NTPC LTD	128.20	135.00	141.55
CUMMINS (I)	230.95	236.00	250.45	ORCHID CHEM	207.91	221.95	246.15
DIVI'S LAB.	2,277.56	2,830.00	2,897.10	PARSVNATH	-	265.00	269.15
ESCORTS LTD.	102.81	120.00	127.30	PATNI COMP	379.14	390.00	420.05
ESSAR OIL	51.01	51.50	55.50	POLARIS SOFT	130.45	165.50	171.75
FEDERAL BANK	204.41	212.00	219.80	PRAJ IND.LTD	202.60	331.00	357.90
G.E.SHIPPING	183.98	199.00	203.00	REL COM LTD	351.20	400.00	415.30
GAIL (I) LTD	258.80	264.15	277.55	REL PET	64.86	65.00	66.05
GMR INFRASTR	-	344.00	369.20	REL.CAP.	542.10	602.00	613.05
HDFC	1,402.93	1,440.25	1,529.90	RELIANCE	1,161.54	1,310.00	1,317.35
ICICI BANK	713.67	801.15	845.85	SESA GOA	1,237.72	1,485.00	1,661.45
IDBI LTD.	73.33	77.00	79.65	SHIPP.CORPN	154.04	155.00	164.05
IFCI LTD	13.30	24.65	28.40	SOBHA DEV	-	725.00	742.15
I-FLEX SOLUT	1,518.81	1,880.00	1,900.70	STEEL AUTH.	83.95	103.10	105.70
INFOSYS TECH	1,910.99	2,053.00	2,103.15	SUN TV	1,296.77	1,400.00	1,503.45
INFRA DEVFIN	69.93	84.05	85.00	TATA TELESER	19.61	20.05	21.80
J & K BANK	484.99	601.00	636.05	TCS LTD.	1,058.40	1,170.00	1,208.45
JINDAL STAIN	107.64	110.00	128.25	TITAN IND.	756.29	815.00	862.35
JINDAL STE	1,826.16	2,240.00	2,343.60	UNITD SPR	673.12	720.00	739.30
JSWSL	320.16	425.05	470.95	UTI BANK	393.74	425.00	470.50

Stocks below 200 Days Simple Moving Averages

Scrip Name	200 DMA	Lowest Low	Closings	Scrip Name	200 DMA	Lowest Low	Closings
A.C.C.	938.89	841.1	855.55	INDUSIND BNK	43.96	41.5	42.85
ALLAHABAD BK	80.45	72	76.1	IPCL	275.44	248	256.7
ALOK INDS.	66.44	56.55	57.9	ITC LTD.	177.24	157	166.55
ANDHRA BANK	81.25	75	77.2	IVRCL INFRAS	296.16	277	290.65
ARVIND MILLS	59.78	47.55	49.8	JAIPRA	524.41	510	553.8
ASHOK LEYL.	41.68	39.1	40.05	JETAIRWAYS	639.01	570	598.9
AUROB.PHARMA	627.75	627	636.8	JP HYDROPOW	29.35	28.5	29.15
BAJAJ AUTO	2732.48	2486	2550.2	LIC HOUS.FIN	162.86	142.05	142.85
BAJAJHIND.LT	293.95	134.2	179.25	MAHA.TELE	149.86	130	135.3
BALARPUR IND	113.67	105	105.45	MARUTIUDYOG	868.27	829	833.95
BALRAM.CHINI	96.22	53.5	62.1	MATRIX LABOR	247.66	175	182.2
BATA INDIA	200.19	150	155.25	MRPL	40.03	34	36.85
BHARAT FORGE	338.46	301.2	321.2	NAGAR.CONST.	169.35	147	152.05
BHARAT PET.	353.78	296.5	299.85	NAT.ALUM	216.58	204.1	220.3
BHEL	2224.6	2080	2099.6	NEYVELI LIGN	61.83	52.05	54.95
BNK OF BAROD	239.89	210	215.35	NICHOLAS PIR	224.52	205	231.1
BNK OF INDIA	152.62	150.15	163	ONGC CORPN	806.55	750	800
BOM DYEING	660.94	506.3	514.9	ORINTAL BANK	212.03	173.25	174.75
BONGAIGAON R	51.34	40.2	41.95	PUNJ LLOYD	843.86	755	788.65
CANARA BANK	244.25	200	207.45	PUNJAB NATIO	456.47	410	428.8
CENTURY TEXT	518.07	504.3	531.8	RANBAXY LAB.	393.42	335	347.4
CHAMBAL FERT	35.34	33.5	33.6	RELIANCE ENR	488.07	464	475.3
CHENNAI PET.	201.28	181	186.4	RENUKA SUGAR	610.01	272	331
CIPLA LTD.	243.35	223.5	224.95	SATYAM COM	413.56	404	427.25
COLGATE PALM	370.71	298.15	306.7	SIEMENS LTD.	1060.36	1050	1091.6
CORPN.BANK	316.71	246.1	248.85	SRF LIMITED*	207.56	141	142.65
DABUR (I)	95.06	92	97.35	STATE BANK	1007.09	999	1008.45
DR.REDDY'S	722.9	630	660.6	STERLITE IN	458.65	430	470.05
GATEWAY DIST	179.93	153	159.9	STRIDES	309.17	285	328
GLAXOSMITH	1136.85	1079.1	1140.75	SUN PHARMA.	900.78	898.05	967.2
GRASIM IND.	2382.32	2052	2098.4	SUZLONENERGY	1178.82	980	1051.75
GTL LTD.	142.29	130	134.65	SYNDICATE BN	71.73	64.15	68.3
GUJ.ALKALI	158.97	116	121.65	TATA CHEM.	220.39	200	214.4
GUJ.AMB.CEM	118.88	105.5	109.6	TATA MOTORS	832.79	758.65	774.5
GUJ.NARMADA	101.24	98	98.85	TATA POWER	531.82	522.1	525.7
HCL TECHNO	577.49	555	631.1	TATA STEEL	490.54	427.55	443.15
HDFC BANK	918.18	903.6	947.7	TATA TEA	737.35	589	597.6
HERO HONDA	737.28	640	691.75	TRIVENI ENGG	66.22	38.15	44.95
HIND.CONSTN.	125.34	99.25	101.35	TVS MOTOR L	97.33	59	60.6
HIND.LEVER	228.09	173	179	ULTRATECH CM	849.58	820	883.55
HIND.PETRO	278.6	261	263.3	UNION BANK L	114.1	91	95.65
HINDALCO	170.63	134.55	137.85	VIDESH SANCH	411.57	355.05	361.25
HINDUJA FI	571.63	558	568.25	VIJAYA BANK	46.97	40	42.05
INDIA CEM.	199.74	165.9	168.95	VOLTAS LTD	95.26	89	95.75
INDIAN HOTEL	134.46	127	133.6	WIPRO LTD.	538.03	536.55	573.2
INDIAN OIL	458.89	400	407.85	WOCKHARDT	370.93	326.25	373.15
INDIAN OVER.	101.14	100	103	ZEE TELE.	226.9	220	222.3

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