

Techcheck Daily

Emkay®

Your success is our success

Emkay Global Financial Services Ltd.

Sarvendra Srivastava

Technical Strategist

+91 22 6612 1243

sarvendra.srivastava@emkayglobal.com

- Chart in Focus: Gold \$1800 done with, we revisit the current setup and upgrade targets to 1830-1870 levels, stop profits though should be trailed to 1714 levels
- USDINR should be the next big negative surprise, prices break out of a triangular consolidation, initial targets 47-47.5
- MSCI World's RSI hits mega-oversold levels, damage done to long term setups; after a likely bounce expect the recent lows to get tested and possibly broken
- Nifty short term setups hint at a bounce, a move till 5250-5400 can be used to reinitiate shorts
- Revisiting our monthly Bollinger distribution we believe that the lower bands at around 4770 should also get tested before meaningful reversals can set in
- Gold price extensions continue, targets of 1800 in sight
- Stocks with positive short term view
 - Reliance Infra, Maruti, Reliance, SBI, Infosys, TCS, HCL Tech, REC
- Stocks with negative short term view
 - Hero Honda, Aurobindo Pharma (stop 161), BOB, ITC

Gold: upgrade targets...



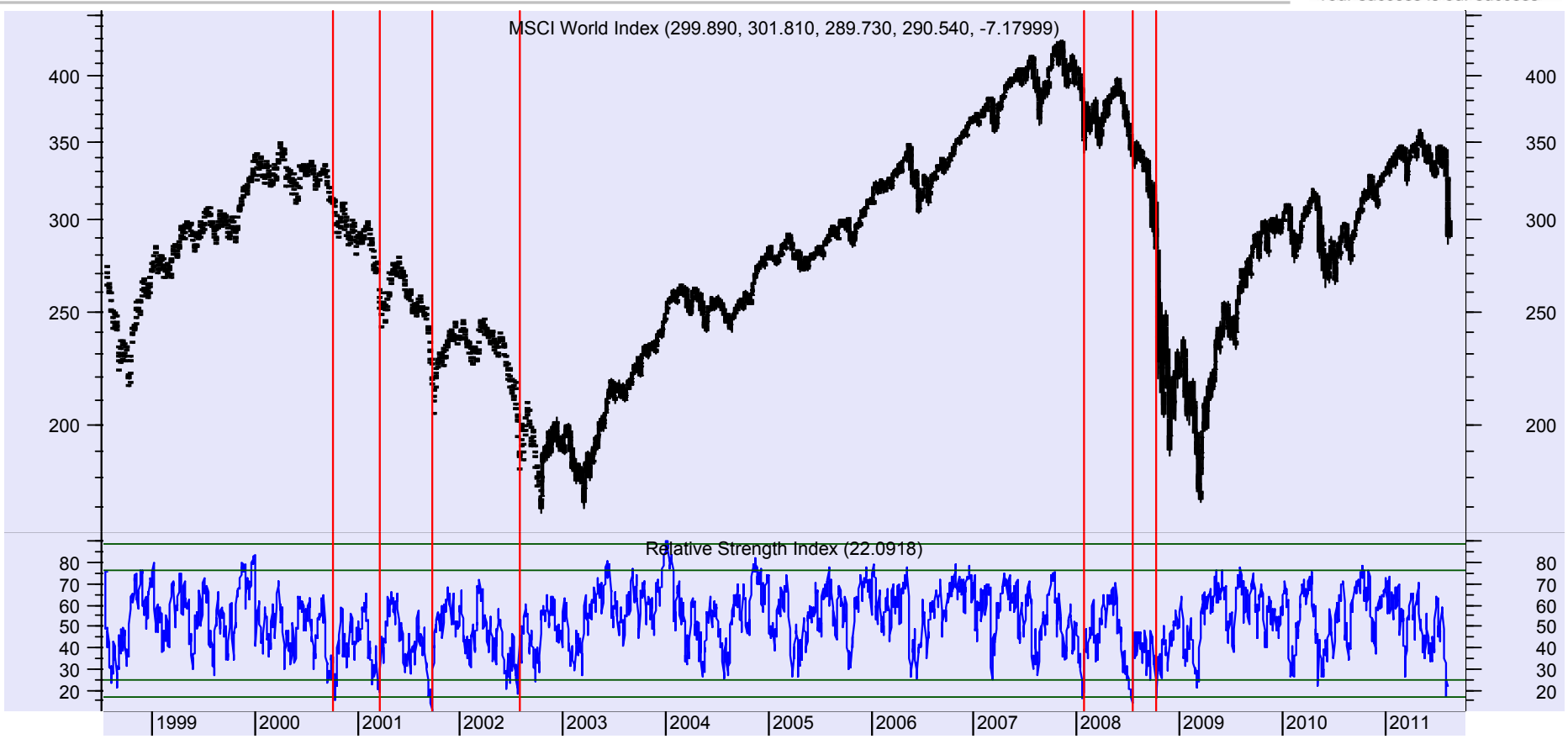
The yellow metal is on a boil and is gate crashing into un chartered territory and breakneck speed, though its not uncharacteristic technically (breakout of large trend channels (bold blue) are usually like this). Though we keep the maxim handy that what goes up fast comes down faster (recent example from peer group was Silver), but that does not keep us from making hay when the sun shines. We are hence upgrading targets on the upper end of the green channel to 1830-1870, stops profits are also trailed to 1914 (hourly closing basis).

INR: breakout...



We have been glued on to this one for quite some time, believing right from 44 levels that an upside break would happen (Techcheck 01082011). The expected has now happened and the best part is that fresh positive momentum cycles have started on the daily, weekly and monthly KST simultaneously. This means 95% odds favour upsides and initial targets can be pegged around 47-47.5 levels, though more could be in store. 44.85 (closing basis) remains a crucial support (read more in our Dollar special on currency trends).

MSCI World: mega-oversold...



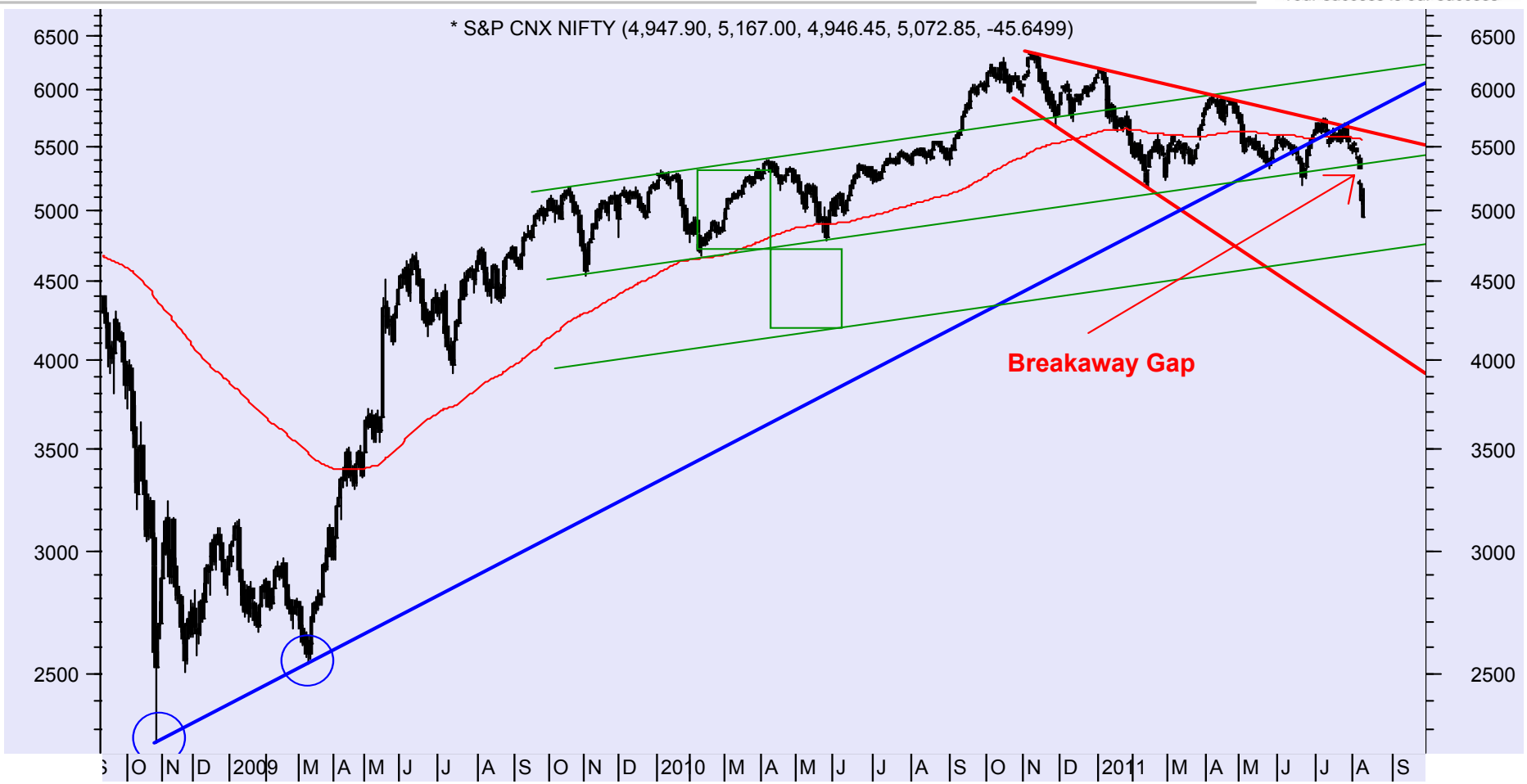
This is a daily for the MSCI world. The indicator plotted in the lower half is the 14 day RSI, the solid green horizontal band signifies the 25-75 area and can be classified as oversold and overbought, such readings are usual and remain part of the normal oscillation fro the indicator for this security. What is more important is the other dashed green band encapsulating the 15-90 area for the indicator, this remains the mega-oversold and mega-overbought readings for the indicator, these readings indicate the trend is severe one and would continue further. This means that the current downtrend is a strong one and should head for newer lows (previous occasions marked with red vertical lines). This ensuing bounce hence remains an opportunity to reinitiate shorts.

Nifty: 3 sigma Bollinger...



This daily distribution of prices on the Bollinger bands (3 sigma) show how prices trade close to the lower bands. Some daily momentum indicators remain historically oversold and we hence believe that a likely mean reversion trade should take prices higher. We expect a bounce till 5250-5400, where risk rewards would once again favour shorts.

Nifty: broken 2009 channel range...



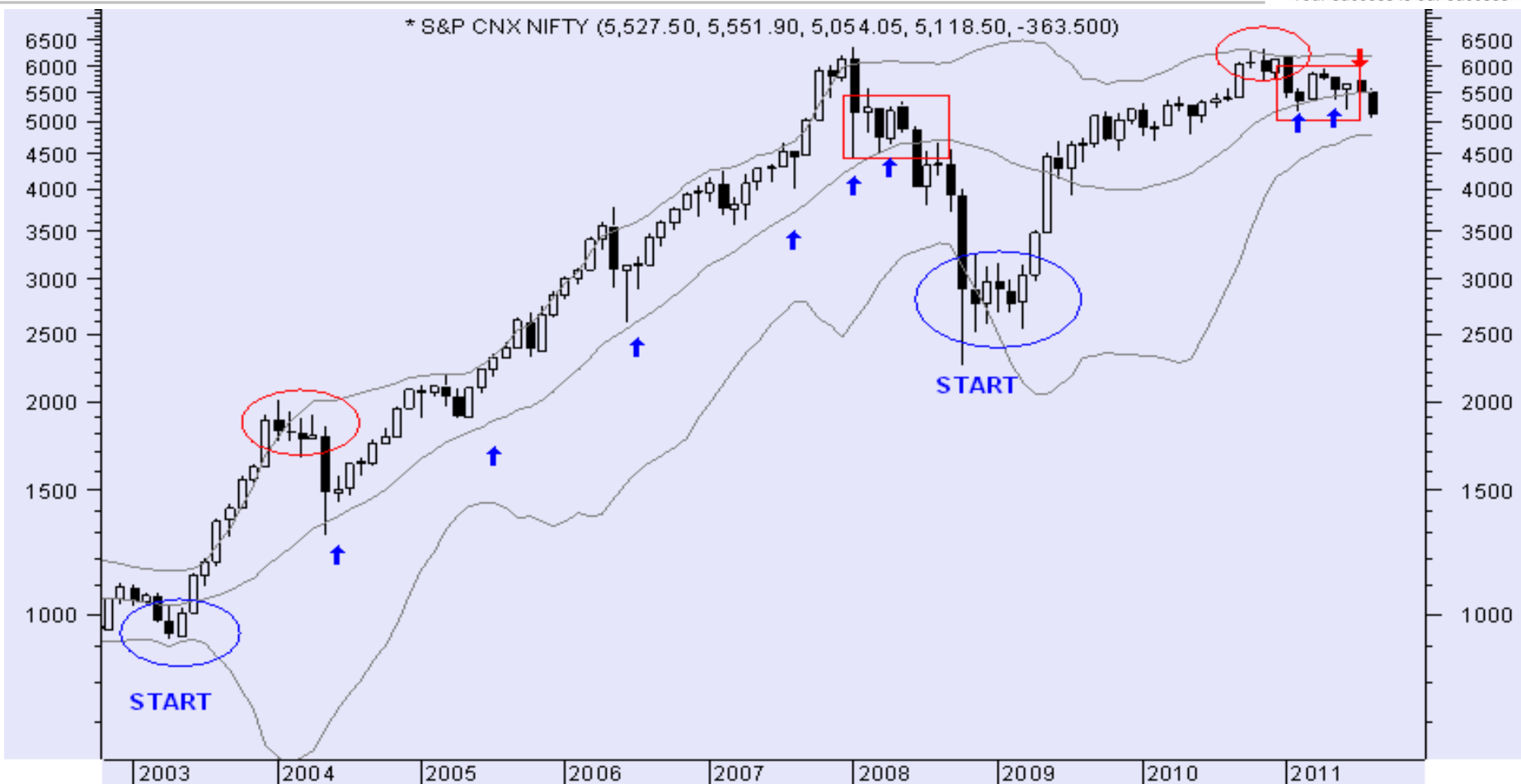
This daily shows the trend range for 2009 projected forward. The break of the same has happened with a big gap down and such breakaway gaps usually hold on their own for some time before they can get filled. The 5323-5229 range now remains a tough resistance going forward, target objectives can now be pegged on the lower dashed green channel as long as the gap is not filled immediately. The lower dashed green channel currently stands around 4700.

Nifty: another channel range...



This daily shows an alternate bullish bold blue channel (our preferred) along with the a bearish red channel. Downsides till the lower dashed blue channel stands around 4650 and red channel supports around 4750. Thus suggesting targets/supports around the 4650-4750 levels.

Nifty: monthly distribution...



This slide remains one of our favourites, the fact that now prices have broken below the monthly mean with a vengeance downsidis till the lower band have opened up. The lower band currently stands around the 4770 levels, so as long as we trade below the mean (far cry) at 5490 we are headed for the lower band.

Recommendations:

Open Calls

Date	Stocks	Action	Reco. Price	Stop-loss	Target	Current price	% change	Comment
03.08.11	Bank of Baroda	Sell	855.5	906.6	801/751	859.05	-0.41%	
04.08.11	ITC	Sell	200.5	211.6	190/181	197.10	1.69%	
10.08.11	Hero Motocorp	Sell	1882.6	1971.6	1740/1611	1883.95	-0.07%	

DISCLAIMER: This document is not for public distribution and has been furnished to you solely for your information and may not be reproduced or redistributed to any other person. The manner of circulation and distribution of this document may be restricted by law or regulation in certain countries, including the United States. Persons into whose possession this document may come are required to inform themselves of, and to observe, such restrictions. This material is for the personal information of the authorized recipient, and we are not soliciting any action based upon it. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. No person associated with Emkay Global Financial Services Ltd. is obligated to call or initiate contact with you for the purposes of elaborating or following up on the information contained in this document. The material is based upon information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon. Neither Emkay Global Financial Services Ltd., nor any person connected with it, accepts any liability arising from the use of this document. The recipient of this material should rely on their own investigations and take their own professional advice. Opinions expressed are our current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so. Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice. We and our affiliates, officers, directors, and employees world wide, including persons involved in the preparation or issuance of this material may; (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or may perform or seek to perform investment banking services for such company(ies) or act as advisor or lender / borrower to such company(ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions. The same persons may have acted upon the information contained here. No part of this material may be duplicated in any form and/or redistributed without Emkay Global Financial Services Ltd.'s prior written consent. No part of this document may be distributed in Canada or used by private customers in the United Kingdom. In so far as this report includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Emkay Global Financial Services Ltd.

Paragon Center, H -13 -16, 1st Floor, Pandurang Budhkar Marg, Worli, Mumbai – 400 013.

Tel no. 6612 1212. Fax: 6624 2410