

# Techcheck Daily

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**Emkay Global Financial Services Ltd.**

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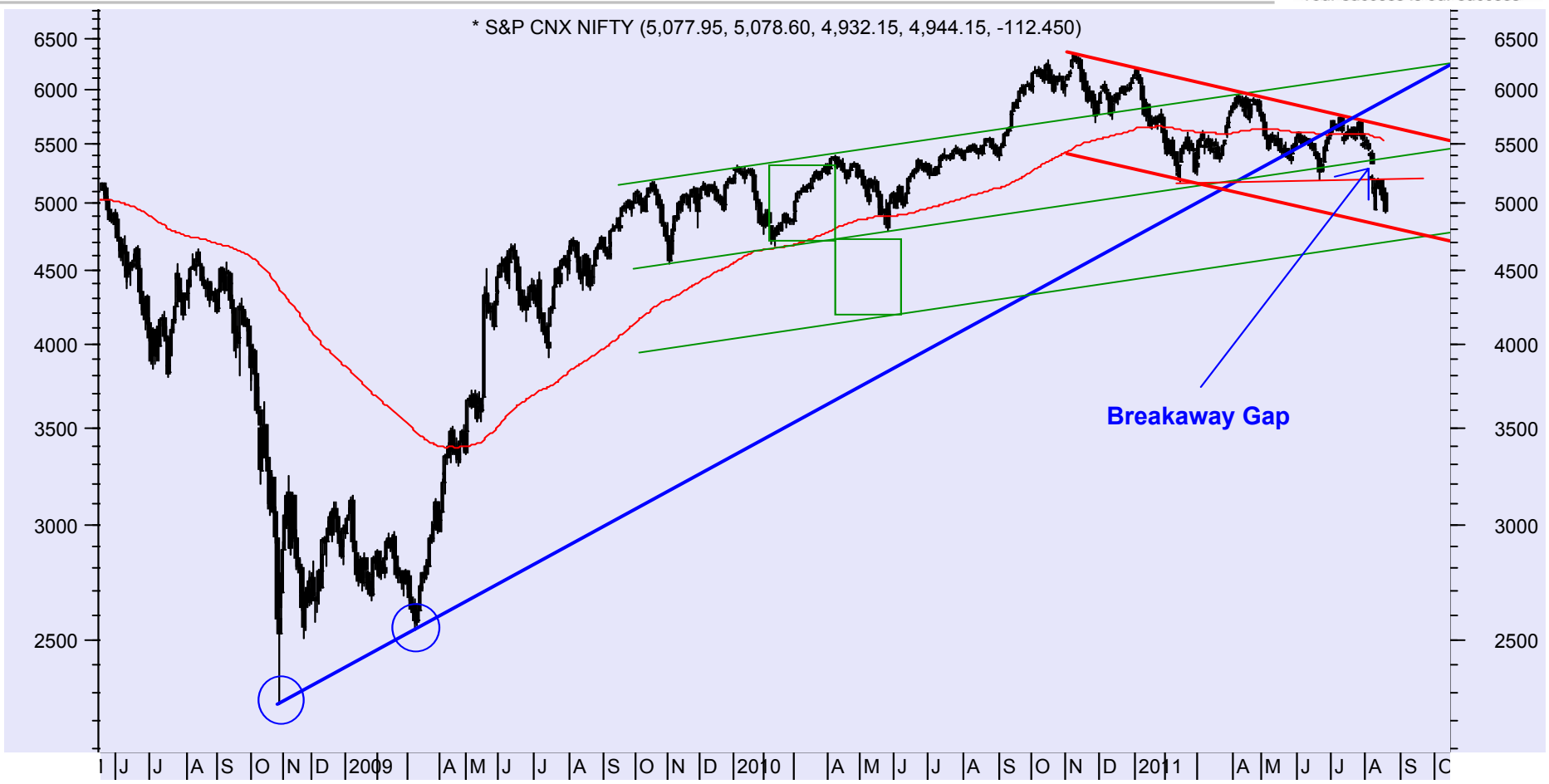
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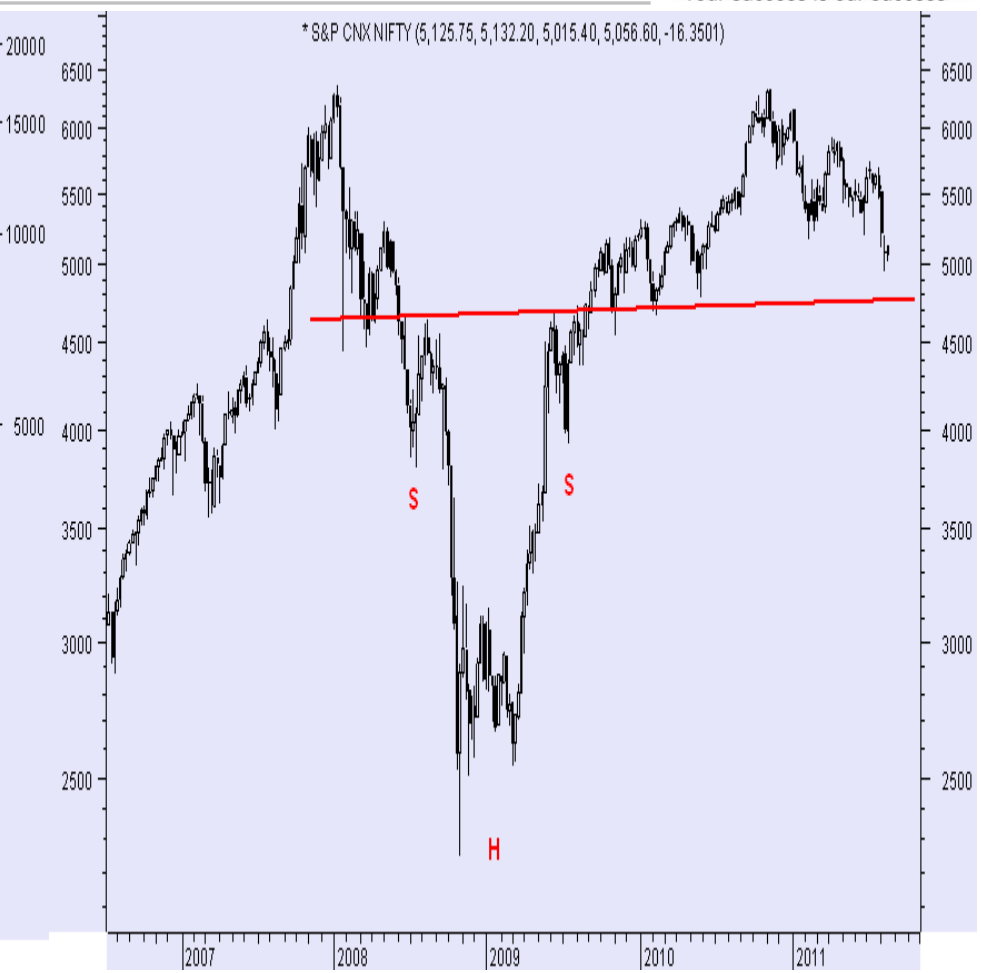
- Chart in Focus: Nifty opening should be close to our medium target range, bounce did not materialize, the way it did in global indices (negative divergence, sign of weakness), 4700-4800 remains crucial support range, we are keeping a close watch
- Bank Nifty headed for lower channel targets, 8600-8800 opens up
- Nifty the monthly Bollinger setup now remains a cause of concern, lower band starts to fall for the first time in the past 52 weeks, thus hinting at longer term weakness
- USDINR breakout holds for the second week running, we maintain initial targets at 47-47.5, similar setups on the S. Korean Won (1100 remains the breakout level)
- DXY short term setups look weak, should target 71.7-72 were it should complete a bullish wedge, the pattern remains a very important medium term trend decider.
- US 10yr prices have broken out (despite the downgrade); 125-127 remains a good support area and a launch pad for targets in the region of 135-136
- Stocks with negative short term view
  - PNB, Yes bank, Axis Bank, Bank Nifty, LIC Housing, Hero Honda, Aurobindo Pharma (stop 155), ITC

# Nifty: medium term view...



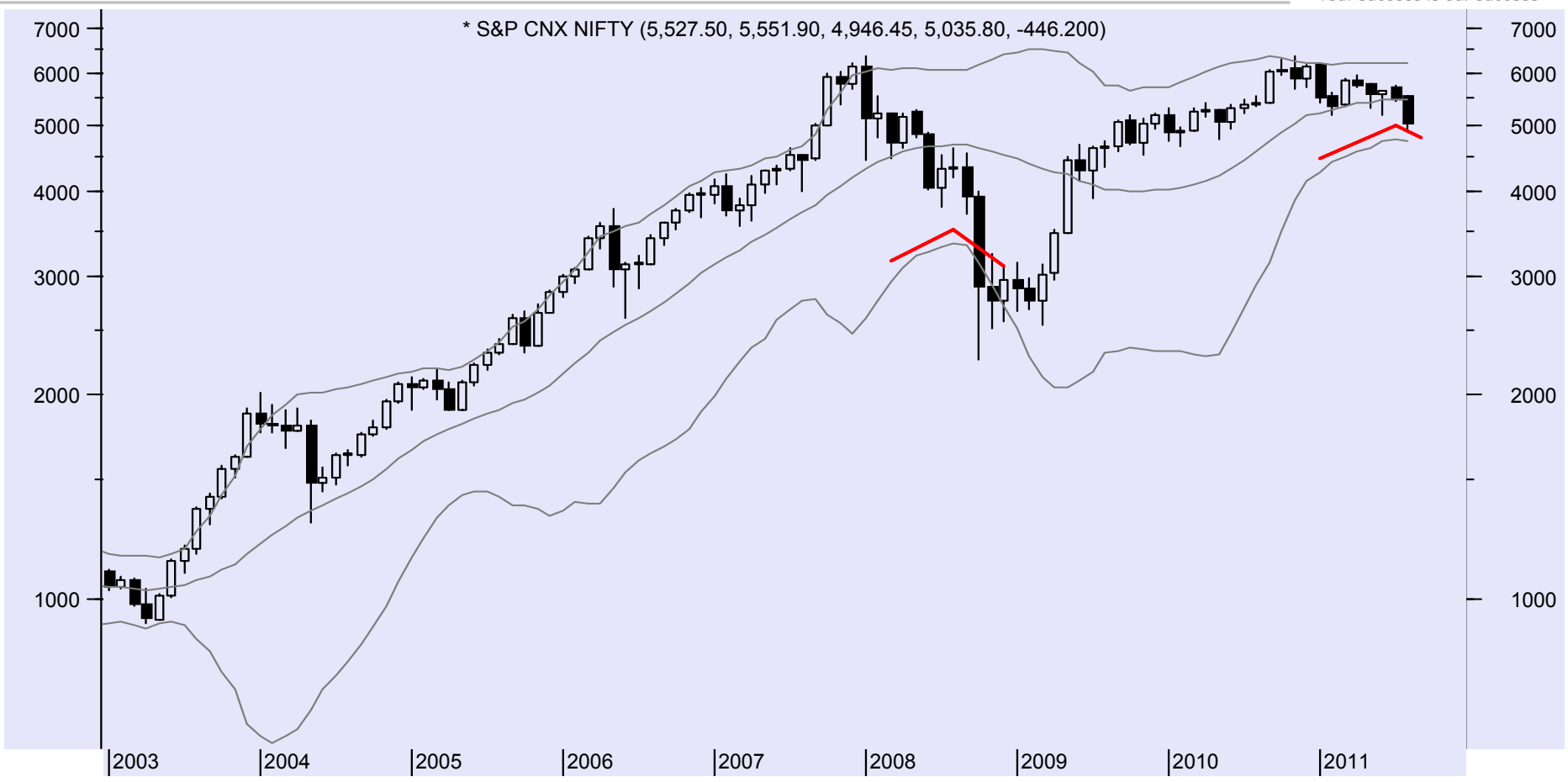
This daily shows the 2009 range/channel (green) projected forward. The lower end of the channel has been violated with a bearish breakaway gap. 1X targets are now marked on the lower dashed green trendline (currently 4700). Moreover the bold red falling channel also nearby at 4800. Expect 4700-4800 to get tested, moreover the range remains a critical long term support and weakness below that would tip the apple cart completely in favour of bears.

# Nifty: long term view...



The first chart shows our long term view on the Nifty, we believe that the current weakness is a correction in an ongoing bull market since the lows of 2008. The 4700-4800 hence remains a crucial support and target range for the wave 2 correction. The second shows a bullish inverted H&S pattern with the neckline at around the 4800 thereby reinforcing the importance of 4800.

# Nifty: Monthly Bollinger starts falling...



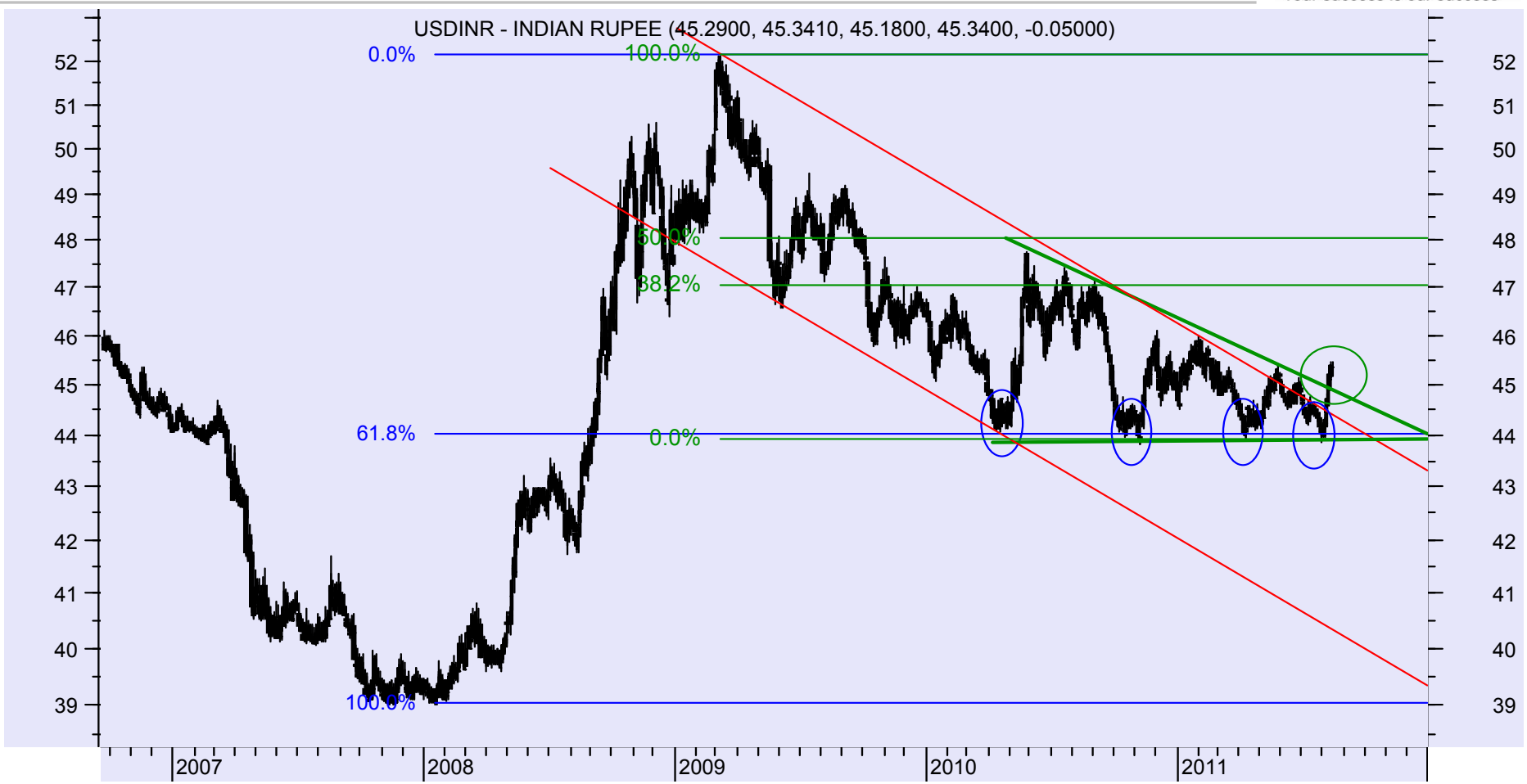
We are showing the monthly Bollinger setup once again but with a different angle. We have earlier highlighted that the monthly Bollinger mean/middle band was violated last month and expected weakness to follow. The band was than placed around 4800 (our targets than). Now for the first time in 52 weeks the bands have started to expand i.e. started to fall down (currently at 4750), this means that from hereon targets will have to be revised down, thus hinting at the first signs of longer term weakness.

# Bank Nifty: headed lower...



We expected the index to take support around the 10000 in the short term, but it failed to do so we are hence falling back to our medium targets on the lower blue trendline and red falling channel (similar to Nifty) at 8600-8800.

# 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 INR has since silently broken out of and held on for the second week running. The fact that fresh positive momentum cycles have started on the daily, weekly and monthly KST simultaneously makes the setup look solid and odds can be pegged at 95% in favour of upsides; initial targets can be pegged around 47-47.5 levels, though more could be in store. 44.85 (closing basis) remains a crucial support.

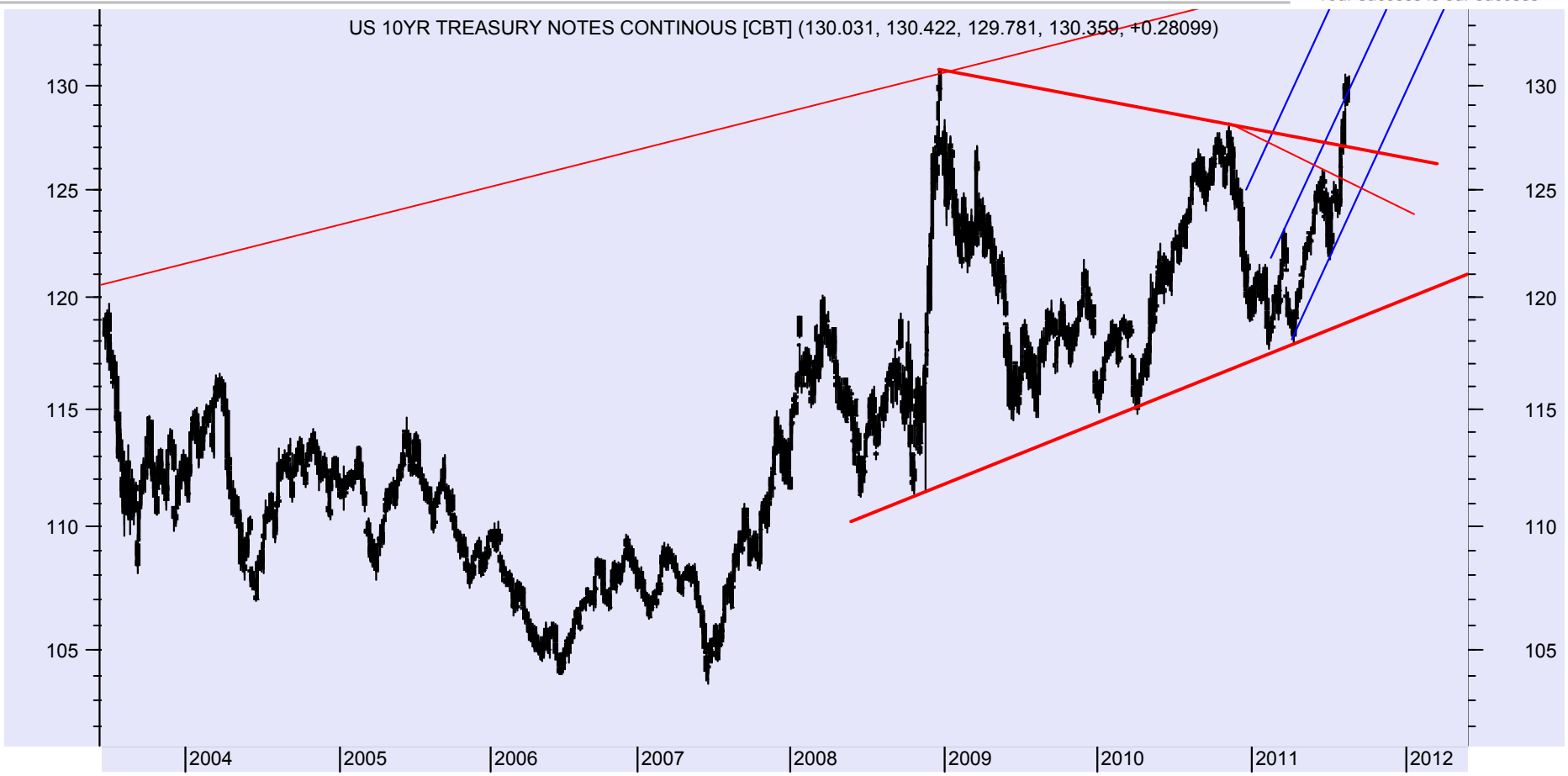
S. Korean Won: almost similar...



The setup on the Won looks similar with minor variations, the 2008-2009 rally has been retraced about 76.4%(61.8 for INR). The almost 2 year positive divergence on weekly KST though remains same, so does the triangular/wedge consolidation. The setup places odds in favour of a breakout, expect upside momentum to pick up once 1100 is broken out of on a closing basis.



US 10yr: breakout...



The US 10yr prices have broken out of a likely running triangle (bold red) and smaller trendline resistances. The setups look encouraging and we believe that prices are headed for the 135-136 levels over the next few weeks.

# Recommendations:

## Open Calls

Date	Stocks	Action	Reco. Price	Stop-loss	Target	Current price	% change	Comment
04.08.11	ITC	Sell	200.5	211.6	190/181	<b>203.00</b>	-1.25%	
10.08.11	Hero Motocorp	Sell	1882.6	1971.6	1740/1611	<b>1950.00</b>	-3.58%	

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