

Techcheck Daily

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Emkay Global Financial Services Ltd.

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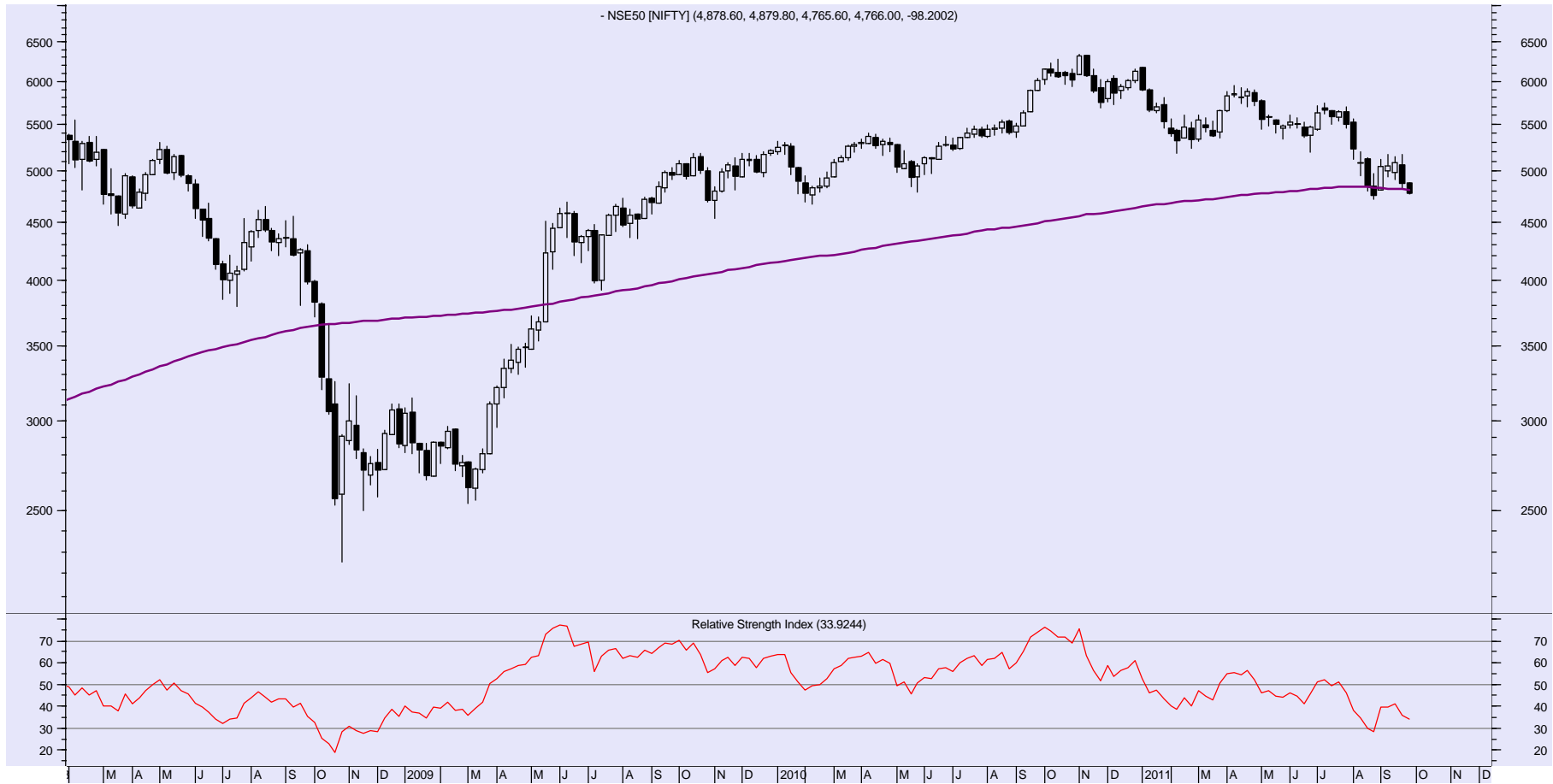
- Nifty: Bullish Engulfing pattern confirms a fresh new impulse in the northward direction, so expect the ongoing momentum to continue in the coming sessions. Mean reversion move upto 5277 stays intact.
- Bank Nifty: End of a normal flat correction, targets fall in the range of 10240-10640
- WTI Crude: Bulls have seized control and an impulsive move for the target of \$90 to \$91 is on
- DJIA: Next impulsive move is on. Maintain our target of 12,000-mark
- Stocks with positive short term view
 - ICICI Bank, TCS, Infosys, DLF, Bharti Airtel, Hindalco, SBI, M&M
- Stocks with negative short term view
 - Titan, Sun pharma, Asian paints, Lupin

NIFTY: Short term picture...



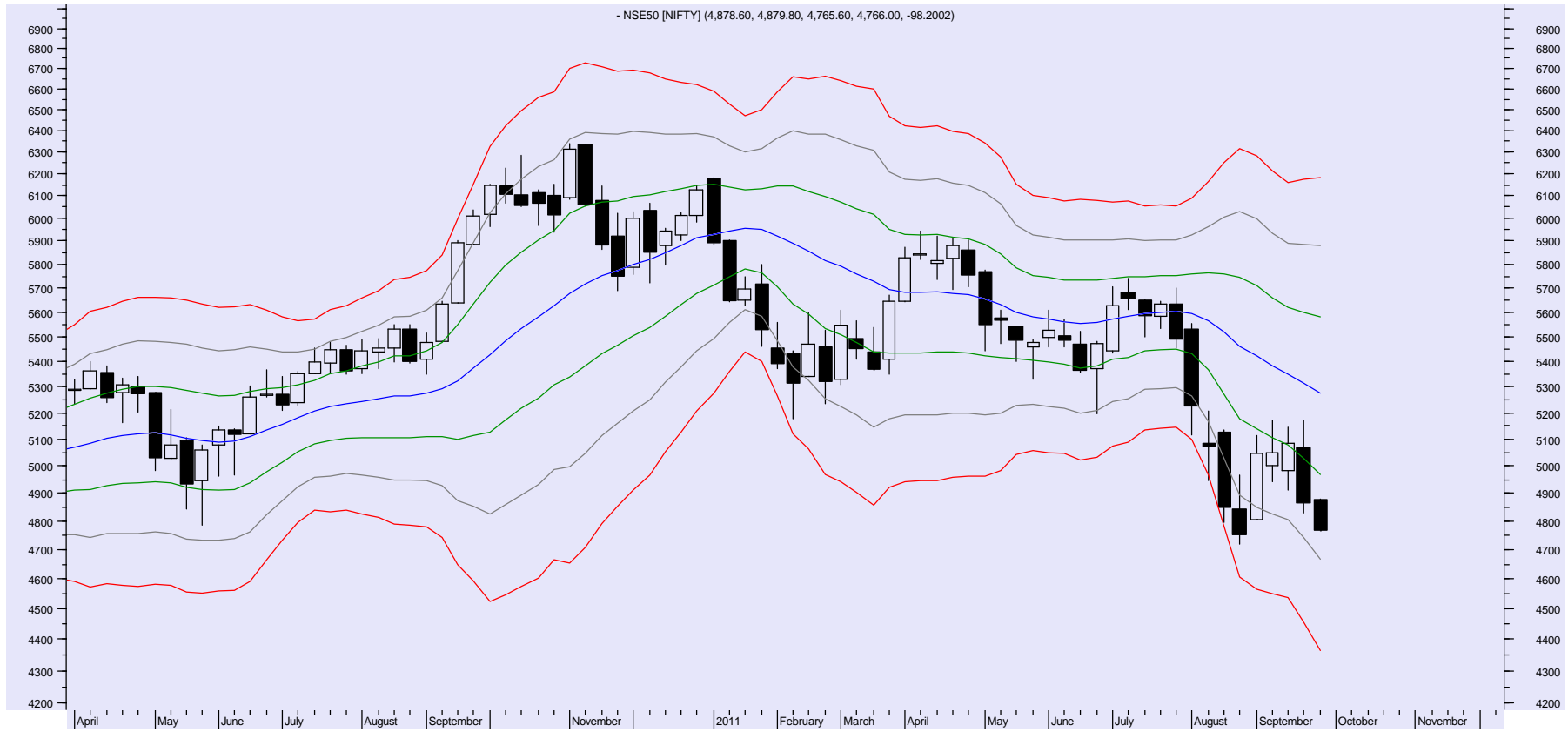
Finally after completing the wave 2 correction (which took the shape of a bullish flag) at 38.2% retracement level, the index resumed its uptrend. Moreover, today's Bullish Engulfing pattern (which shows buying pressure has overwhelmed selling pressure) has marked the termination of wave 2 and with that it has also confirmed a fresh new impulse in the northward direction. Additionally, the momentum oscillator MACD has given a positive crossover and has also resumed its uptrend after a false bear trap sell signal in the previous trading sessions. Hence, our mean reversion move upto 5277 stays intact.

NIFTY: Basing out at 200-WSMA...



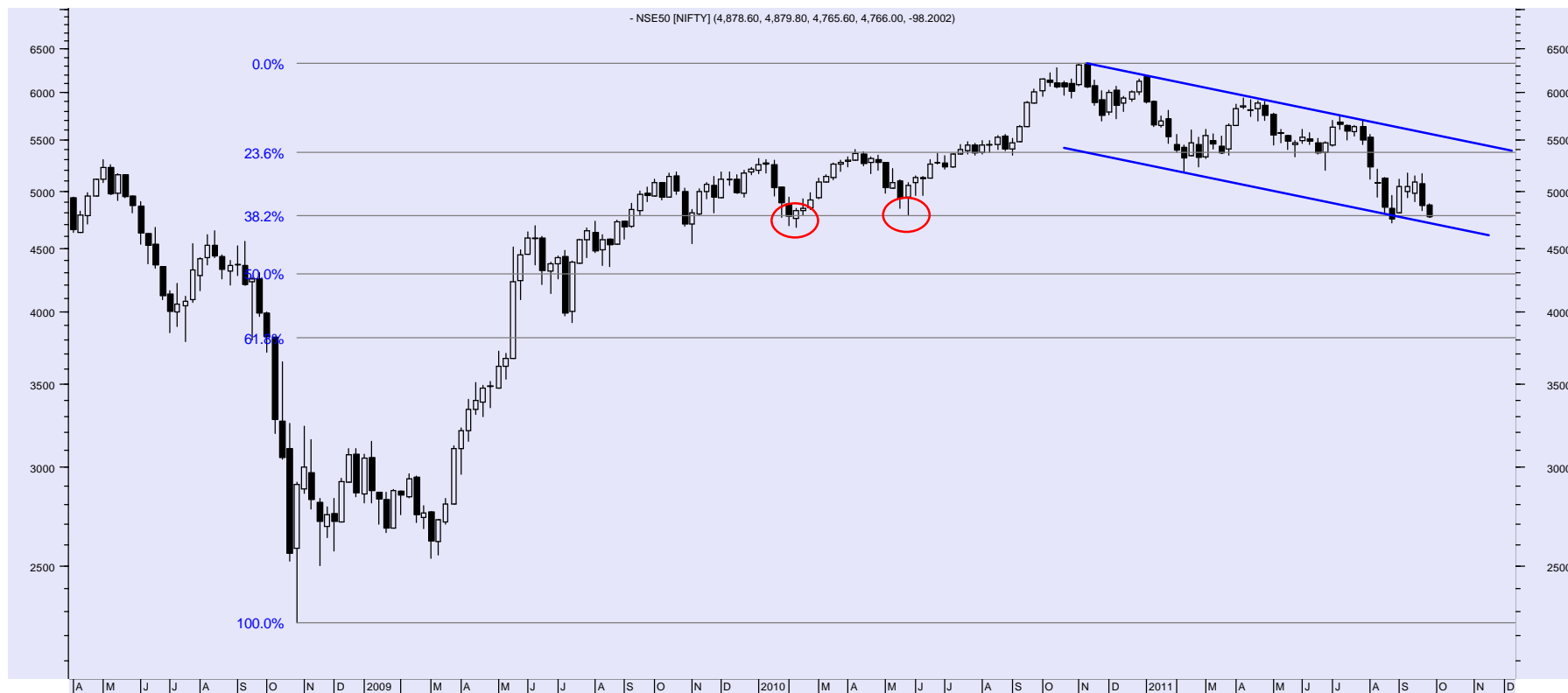
Since past three months, we are witnessing a constant downside in Nifty. Further, the weekly momentum reading of Nifty has hit the oversold reading. On account of which there is a horizontal movement in Nifty for past four weeks. And moreover, such consolidation is being witnessed on the support of 200-WSMA, where Nifty has managed to find support for second time in a row and hence we maintain our view of an intermediate term rally.

NIFTY: Mean Reversion on the cards...



Furthermore, the price has hit the weekly three standard deviation Bollinger band on the lower side, which tells that the low of 4720 is the extreme point of the current fall, as there is about a percent chance of price going outside the three standard deviation band; assuming a normal distribution of price movements and hence a short term bounce is an utmost possibility. Later than kissing the three standard deviation band, it has moved back above the two standard deviation band and is constantly trading above that, which again increases the probability of Nifty going back to its mean (for a mean reversion move) packed at 5277.

NIFTY: Short term floor at 38.2% retracement...



Moreover, the support provided by the lower boundary of the falling channel, has marked a short term floor for Nifty, at 38.2% retracement of the entire advance from October, 2008 lows; meaning that an intermediate degree or medium term up move will unfold from current levels that will transport Nifty initially upto the weekly mean (placed at 5277) and in case if Nifty manages to sustain above that then we will see Nifty crawling back to its upper boundary line of the falling channel at 5400 mark. The possibility of this scenario holding true is high as Nifty is trading near the cluster of multiple supports, which are marked with red circles. And also there is an old saying that “Market abhors a vacuum and all gaps will be filled”, whereby Nifty is also expected to fill its recent runaway gap on daily chart at 5323 mark.

BANK NIFTY: Third wave up...



The index has completed a normal Flat correction with the formation of a long-legged doji, indicating more upside in the near future. Further the wave targets of the third leg up fall in the range of 10240 (if both the waves are equal) to 10640 (if there is 138.2% relationship between the impulsive waves). Moreover, the move which began from the lower end of the channel is expected to elevate all the way to the upper line of the channel, which too comes around 10640 mark.

WTI Crude: Impulsive move is on...



This daily of the WTI Crude shows how prices have rebounded after kissing the daily three standard deviation band, with the formation of a bottom reversal candlestick pattern know as “Morning Star”. Further, yesterday’s price action again indicates that bulls have seized control and an impulsive move for the target of \$90 to \$91 is on.

DJIA: Impulsive move is on...



Price action clearly indicates that the Bollinger turn trade is going good, and we still expect prices to heighten all the way to the upper Bollinger band packed at 12,000 mark. Furthermore, after yesterday's bullish candlestick formation the possibility of next impulsive move in the northward direction is quite high. So all in all we stick to our target of 12,000 mark in the near future.

Recommendations:

Trading Calls

Date	Stocks	Action	Reco. Price	Stop-loss	Target	Current price	% change	Comment
29.09.11	Nifty Fut (Oct Series)	Buy	4955	4855	5150/5250	5035	1.61%	
29.09.11	Bank Nifty Fut (Oct Series)	Buy	9625	9400	10030/10230	9675	0.52%	
29.09.11	HUL	Buy	338	330	353/363	340	0.59%	
29.09.11	M&M	Buy	809	775	850/880	814	0.62%	
29.09.11	Hindalco	Buy	132	127.6	144/150	133.95	1.48%	
29.09.11	ICICI Bank	Buy	885	855	930/965	892	0.79%	
29.09.11	TCS	Buy	1059	1005	1120/1165	1063	0.38%	

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