

NSE Nifty [N59901] 6289.75, 6332.55, 6287.80, 6307.20, 883498304 0.13%

Price Avg(S,13)
15

Nifty Monthly Chart. A breakout of this triangle would confirm a long-term bull market



Source : www.SpiderSoftwareIndia.Com

RSI(14,E,9)



Markets trend higher

The month of Oct 2013 saw the Sensex/Nifty touching a low of 19264/5700 on the first day of the month before rallying smartly for the rest of the month. The rally led to the Sensex/Nifty consistently making higher bottoms and higher tops and taking out their previous intermediate highs of 20740/6143 in the process. The Sensex/Nifty thereby confirmed a new intermediate uptrend. The long-term trend too turned up when the Sensex/Nifty crossed their previous long-term highs of 20740/6229. The Sensex/Nifty ended the month with gains of 9.2/9.8%.

Technical state of the market

	Indicator Used/Pattern observed	Comments
Market Strength	Volumes, Market breadth	<p>M-o-M volumes were marginally higher on the BSE/NSE. This is not very encouraging as it indicates that the buying seen in Oct was not intense, though the markets did move up substantially.</p> <p>Market breadth mirrored the price action in the markets. Was positive during upmoves and negative during down moves.</p>

Technical state of the market....contd.

	Indicator Used/Pattern observed	Comments
Trendiness	ADX, Moving Averages, Parabolic SAR	<p>Reflecting the recent positive price action, the Nifty trades above the 13-day and 50-day SMA. Both these moving averages are also climbing higher, which is a positive signal for the markets.</p> <p>The main indices also trade well above the 200-day EMA and the 13-month SMA, which is a healthy signal for the market's long-term uptrend.</p> <p>Reflecting the trending nature of the market, the daily ADX readings have started to climb from lower levels. At 13.77, the readings indicate that the current uptrend is not yet matured.</p> <p>The Parabolic SAR remains below the main indices indicating a signal to be long (See first page chart).</p>
Volatility	20 day Bollinger Band, Average True Range (ATR)	<p>The Sensex/Nifty are currently trading near the upper band of the 20-day Bollinger Band, which indicates there could be some selling pressure in the near term.</p> <p>On the weekly charts too, the main indices trade near the upper band of the 20-week Bollinger Bands.</p> <p>The ATR readings on the weekly charts are in decline mode and near their previous lows, suggesting that these readings could soon start to rise, thereby indicating that volatility could rise in the coming weeks.</p>
Momentum	14 Day RSI, MACD, Stochastics	<p>Reflecting the strength seen in the last few sessions, the 14-day RSI continues to climb higher and is also above its 9-day EMA.</p> <p>The 14-week and 14-month RSI too are in rising mode and above their respective averages, which is encouraging.</p>

Outlook

With the markets in a firm uptrend on all time frames (short term, intermediate and long term), the question now arises how long will the current rally last. While the Sensex has made a new lifetime high, the Nifty is yet to do so. We believe it is only a matter of time before the Nifty also makes a new lifetime high.

Technical indicators like the moving averages, Parabolic SAR and 14-day RSI are all supporting the current uptrend and have not given any sign of a reversal. We also observe that there has been no euphoria in the current rally, which means that the markets may still have more room on the upside before an intermediate top out. We however expect volatility to rise in the coming weeks as the markets head towards an intermediate top.

The Bollinger Bands on the daily and weekly charts seem to suggest that markets could witness some correction in the near term. Crucial supports to watch are 20493-20375/6079-6032. A larger correction towards the intermediate trend reversal levels of 19264/5700 is possible if these crucial supports are broken. We believe this correction, when it occurs would provide intermediate and long term investors with a good entry level into the markets.

Of particular interest to Long-term investors is that the Sensex/Nifty are on the verge of breaking out of a long-term ascending triangle pattern (See the chart on the first page). Given that the height of this triangle is huge, it has enormous target implications for the long term.

Here are the key levels to watch for the coming month;

Trading Strategy: Given the fact that it is difficult to predict where the current intermediate uptrend could top out, we recommend holding on to existing positions with tight stops to protect your capital. Profits may be booked on achievement of modest targets. Aggressive traders must be prepared to go short on any signals of a reversal.

Action Points	Sensex	Nifty	Action
Current Close	21197	6307	
Immediate Resistances	21294-21341	6333-6338	
Immediate Supports	20493-20375	6079-6032	Weakness could emerge below these supports.
Further Downsides	19647-19264	5825-5700	19264/5700 are Intermediate trend reversal levels
Further Upside Targets	21400-21950	6357-6500	New Lifetime highs

Stock Pick – Buy IOB

IOB [N9348] 51.00, 53.45, 50.30, 51.95, 3257053 1.86%
Price Avg(S.13) Avg(S.50)



- ❑ IOB has been consistently making higher bottoms and higher tops since the last few months after finding support around the ₹37 levels.
- ❑ Technical indicators are giving positive signals as IOB trades above the 13-day and 50-day SMA. On Friday, the stock cleared its recent highs of ₹51 on the back of higher than average volumes.
- ❑ Momentum readings like the 14-day and 14-week RSI too are in rising mode and trade above their respective moving averages, which augurs well for the stock in the short and intermediate term. The weekly and monthly technical set ups too are looking encouraging.
- ❑ The CNX PSU Bank sector chart too is looking positive and is one of the strongest sectoral charts, which gives further evidence and support for further upsides in IOB. We recommend a positional buy and our entry levels are between ₹51.5-52.2. Stop loss is at ₹48, while upside targets are at ₹61.0. CMP is ₹51.95. Holding period is 2-4 weeks.

Note: Once the market opens for trade, the analyst will review it and decide to give the call through an internal mail/SMS at the same or different levels of entry, target and stop loss or not give the call at all. Clients could get in touch with the analyst through their designated dealers to check about this.

Sectoral studies

Indices	Last close	M-o-M % Chg	ST/ IT/ LT trend	Comments	Stocks likely to outperform
CNX Bank	11473.2	19.3	ST & IT Up, LT Down	Leading from the front. Above 13-day SMA and 14-day RSI not OB. STR at 10669.	ICICI Bank
CNX PSU Bank	2482.5	16.3	ST & IT Up, LT Down	Recently broken out of a range. Above 13-day SMA and 14-day RSI not OB. STR at 2232	Bank of India, Can Bank
CNX Realty	172.1	15.0	ST, IT & LT Down	Needs to sustain above 163.5 for recent strength to continue.	HDIL, DLF
CNX Infra	2393.3	12.1	ST & IT Up, LT Down		
CNX Small Cap	3068.3	12.0	ST & IT Up, LT Down	Continues to make higher tops and higher bottoms. STR at 2951.	
CNX Metal	2284.2	10.5	ST & IT Up, LT Down	Continues to make higher tops and higher bottoms. STR at 2185.	Tata Steel
CNX Auto	5163.9	10.3	ST, IT & LT Up	Closed at new 2013 high. Needs to hold above 5023 for the bulls to remain in control.	M&M
CNX Nifty	6299.2	9.8	ST, IT & LT Up		
CNX 500	4804.9	9.4	ST & IT Up, LT Down	Above 13-day SMA and 14-day RSI not overbought. STR at 4640.	
CNX Junior Nifty	12209.4	8.9	ST & IT Up, LT Down	Above 13-day SMA and 14-day RSI not overbought. STR at 11754.	
CNX IT	8852.8	8.4	ST, IT & LT Up		
CNX Energy	8100.1	7.8	ST & IT Up, LT Down	Crossed its previous inter highs of 8073. STR at 7839.	
CNX Mid Cap	7534.8	7.7	ST & IT Up, LT Down	Continues to make higher tops and higher bottoms. STR at 7258	
CNX Pharma	7496.0	1.8	ST Down, IT & LT Up	Making lower tops and lower bottoms in last few weeks. Could test 7260 levels in ST.	Lupin, Sun Pharma could fall
CNX FMCG	17617.0	-0.1	ST, IT & LT Up	Trading within the 17120-18140 range.	

ST = Short Term, IT = Intermediate Term, LT = Long Term, OB = Overbought, RSC = Relative Strength Comparative, STR = Short Term Reversal Level, SMA = Simple Moving Average

CNX PSU Bank Index Daily Chart

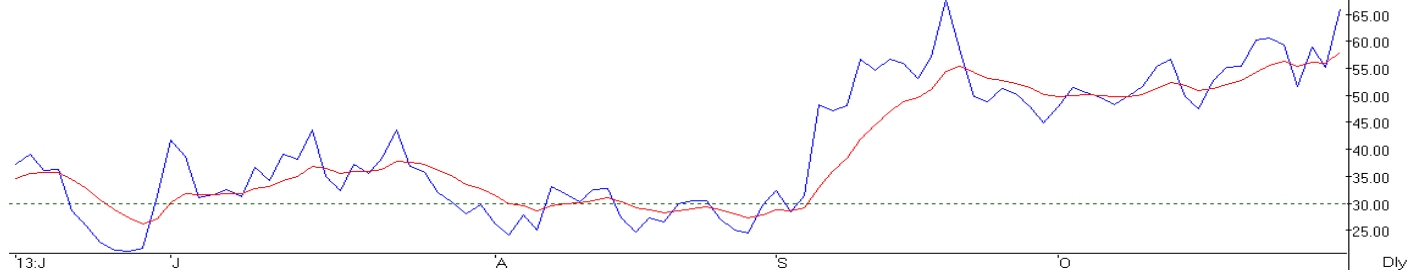
CNX PSU Bank [N59919] 2305.45, 2491.80, 2298.10, 2482.50, 899488000 7.40%
Price Avg(S,13)

Continues to lead the market from the front. Could move up further in the coming weeks.



Source : www.SpiderSoftwareIndia.Com

RSI(14,E,9)



CNX Pharma Index Daily chart

CNX Pharma [N59917] 7617.15, 7626.85, 7471.90, 7495.95, 899488000 -1.44%
Price Avg(S,13)

Continues to make lower tops and lower bottoms.



Source : www.SpiderSoftwareIndia.Com

RSI(14,E,9)



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