

Weekly Technical View

Date : 09 July, 2012

One Stop Investment Avenue



BSE Sensex 17521 Till the time 5240 is intact the on going upmove may take Nifty higher till 5400 to 5440 range.
 NSE Nifty 5316 We recommend a hold for existing long positions with a stop loss of 5240.



We witnessed range bound trading throughout the week however the downsides were contained and the overall bias was seen to be positive throughout the week. Nifty ended with a positive weekly close at 5316 adding 0.72% to its value. As for the sectoral indices the BSE Realty and Small Cap indices were the outperformers whereas BSE IT and FMCG indices were the laggards in last week's trade.

Last week we had revised our upside target for Nifty to 5438 from the earlier mentioned 5300 after recommending part profit taking near the level of 5270. We maintain an upside target range of 5400 to 5438 for Nifty for the coming week, however the stop loss for existing long positions is now revised to 5240 from the earlier mentioned 5090. Nifty is now trading close to its 61.80% Fibonacci Retracement level of the entire decline from 5629 till 4770. Furthermore the entire upmove since the low of 4770 has been a Channelized one. Nifty has now sufficiently retraced the above mentioned decline but there is still no indication of a trend change and the upmove remains intact till the time it trades above the level of 5240. On the higher side Nifty may inch higher till the range of 5400 to 5438 (target objective of the break out of a declining Channel that it was trading since late February'12 till the mid of June). We recommend a hold for existing long positions with a revised stop loss of 5240 and maintain the upside target of 5400 - 5438 where profit booking in all Nifty long positions is recommended. The level of 5240 is important as it is the 38.20% FR of the move from 5095 till 5333. The level also roughly coincides with the lower band of the advancing Channel mentioned above. Thus we place our stop losses close to 5240. Any significant breach of 5240 would be the first sign of weakness which may take the Nifty down to 5150 which is the next important support offered by its 200 Day EMA and below that 5090 is a significant support. A break down below which would indicate a deeper decline.

Actionable:

- We recommend holding on to the remaining long positions with a revised stop loss of 5240 and maintain an upside target range of 5400 to 5438 for Nifty.
- The level of 5240 has now emerged as an important support. A significant breach of 5240 would be the initial sign of weakness which may open up the possibility of a downside till 5150 and lower.