

ABSTRACT

NIFTY MOVES UP TO TOP OF A TRADING RANGE; BIG NEWS DAY SOON WHEN RESERVE BANK DECIDES ON INTEREST RATES; BUY ABOVE 8620 ONCE THE NEWS EVENT IS DONE WITH; PHARMA AND BANKS ARE BUY ON DIPS, IT MAY BE AVOIDED

Correction continues in Bank Nifty. The index is now trading near its resistance at 18800. Trend is down here. CNX IT has seen a down move and closed lower. Trend is down here. TCS, HCLTECH and TECH M are moving down.

We have POWER in Sector Focus. Trend is down in this sector. We will discuss the current scenario of POWER Stocks. Stock in focus includes BHEL, TVS MOTOR, HAVELLS and SUN PHARMA. For each of these stocks, we analyse their technical picture; identify trades with stop loss and targets. We will discuss GOLD and SILVER in METALS WATCH.

MARKET TODAY

Volatile day in the market ends where Nifty started the session with a gap down of 8 points at 8483.70. Market traded in a very narrow range in early ticks in which it touched a low of 8464.75. Straight after lunch a rally has broken trading range to upside, this took prices to the day's high at 8603.40. Nifty closed at 8586.25 with a gain of 95.25 points. Market traded in the range of nearly 140 points. Among the major indices, CNX Bank (2.26%) and CNX PHARMA (2.27%) outperformed today while CNX IT (1.08%) underperformed for the market. Overall Market breadth was positive today with 997 advancing and 220 declining stocks.

ACTIVE INVESTING TRADING

It was a day of extreme volatility with wild swings of a percent or more seen in Nifty during the session. Both bulls and bears tried their best to wrest control of the market from the other group and from intraday perspective its bulls who have won the first round by managing to close the market at the upper end of day's range with a 1.12% gain.

Today's rally has not changed much on the daily charts. Chances are that Nifty may trade in a range with 8350 as supports and on the upside the index may face resistances in the 8620 region.

On the hourly charts Nifty is now beginning to make higher tops and higher bottoms pattern. Nifty holding the recent swing low of 8270 is first sign of stabilization after the recent fall from 9100 level, sustaining above 8600 level from here will be a further sign of strength.

What to Do Tomorrow?

So far we have been advising to look for buying opportunities on a day to day basis and those buying from intraday perspective could have made decent gains as the market has been opening flat for past 2 sessions. Now there is a long weekend ahead of us and going by the volatility in international markets it is better not to hold any overnight positions even if we miss some potential gains.

Nifty Watch

Short Term

Our bias is now turning cautiously bullish and notwithstanding some unexpected negative event from international markets we should be looking to buy if Nifty sustains above 8600 with a stop below 8500.

Intermediate Term

Our bias is now neutral for the intermediate term and we wait patiently for fresh patterns to emerge.

STOCK MARKET – SPOT PRICE (NIFTY: 8590.30, SENSEX: 28,260.14)



TAKING A SWING TRADE

We had suggested four trades in our newsletter dated 23 March 2015. Trade was to go short in BANKBARODA, JSWSTEEL, TITAN and TVSMOTORS.

We have stopped out from TITAN as prices crossed below our stop loss while price executed in JSWSTEEL and we were waiting for our target.

Today is the fifth day of the trade. Taking a long trade is eventually a trend trade in an ongoing bull market. Traders may like to liquidate trades after 4 or 5 days. Please note, this is also a matter of personal opinion, there are no rigid rule for time based stops.

The reason we use a time-based stop loss is that if the markets do not seem to be moving in either direction and neither stop loss nor the profit target has been hit, after a set period of time you can close down that trade leaving you free to use that capital for other opportunities.

Target did achieve in BANKBARODA and TVSMOTORS, as price continued its downfall after executing and we gained almost 10 points from both trades. Trend was down in both the stocks and we had assumed that price could go further down.

Following the trend is an essential strategy for successful traders, whether the trend is upside or downside. "The genius of trading is recognizing the direction of a trend –not catching high and low. Determine the trend and follow it. Make sure you trade in the direction of the trend. Buy dips if trend is up and sell rallies when trend is down. Let the longer time frame chart determine the direction of trend and use the shorter term chart for timing.

METALS WATCH

METAL	CURRENT PATTERN (if any)	TIME FRAME	TRADE			PREVIOUS PATTERN	TIME FRAME
			ENTRY PRICE	STOP	TARGET		
GOLD MINI 26075	A Bullish Head & Shoulder is under process. Possible Neckline near 27000	EOD	NA	NA	NA	Resistance at 26600	EOD
SILVER MINI 37141	A large consolidation inside 36000 - 39000	EOD	NA	NA	NA	Resistance at 39000	EOD

IT IS ABOUT BANKS! [Bank Nifty (Spot Price): 18633.75]

Bank Nifty has seen a big up move today and closed above 18600. Upside Correction continues in Bank nifty. Above the resistance comes at 18800.

After such a big move up we may see some choppy and narrow price action in this index. Sometimes not to trade is the best trade. This phrase is very much suitable to present scenario in bank nifty.

We should step aside in this index and wait for the right time to enter.



IT WATCH [CNX IT (Future Price): 12027]

Down move continued in CNX IT. The index opened with a gap down and at the end closed lower. Intermediate and Short Term Trend is down in this sector. The sector is now offering us a shorting opportunity. TCS, HCL TECH and TECH M has been broken down from a consolidation and now moving on downside. Look for a short selling opportunity in these three stocks.



SECTOR FOCUS [POWER]

Down Trend continues in POWER Sector. Prices have seen a big decline and find support at lower levels. Prices have started a process of consolidation there. We may see a range bound trading in POWER Sector. Power Stocks are not for swing trade. Look for an investing opportunity in this sector with a long term view (more than a year). Traders should give preference to ADANIPOWER, R POWER, TATA POWER and NTPC in this sector.



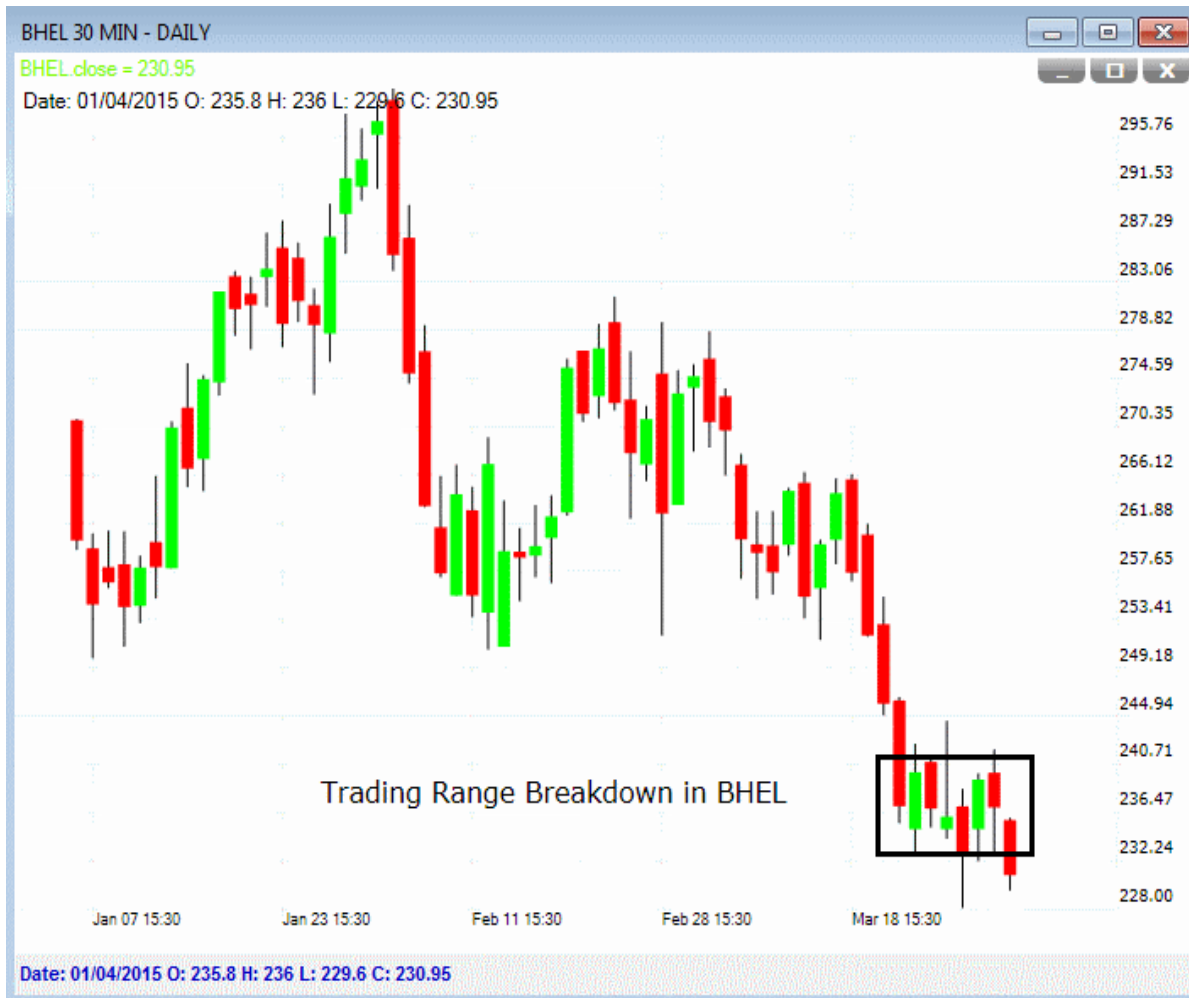
SWING TRADES

"Trades which last from few days to a week or more"

Charts and levels discussed are for equity instruments. If you trade the corresponding futures, please track the levels on the equity and take appropriate positions on futures.

BHEL – [Close (Spot Price): 230.95] – SELL

Trend is down in BHEL. Prices have seen a sharp downside move and then formed a trading range. This range has been broken on downside and prices are now trading below. Sell this stock below 230. If this trade executes then place your stop just above 233 with a target near 224.



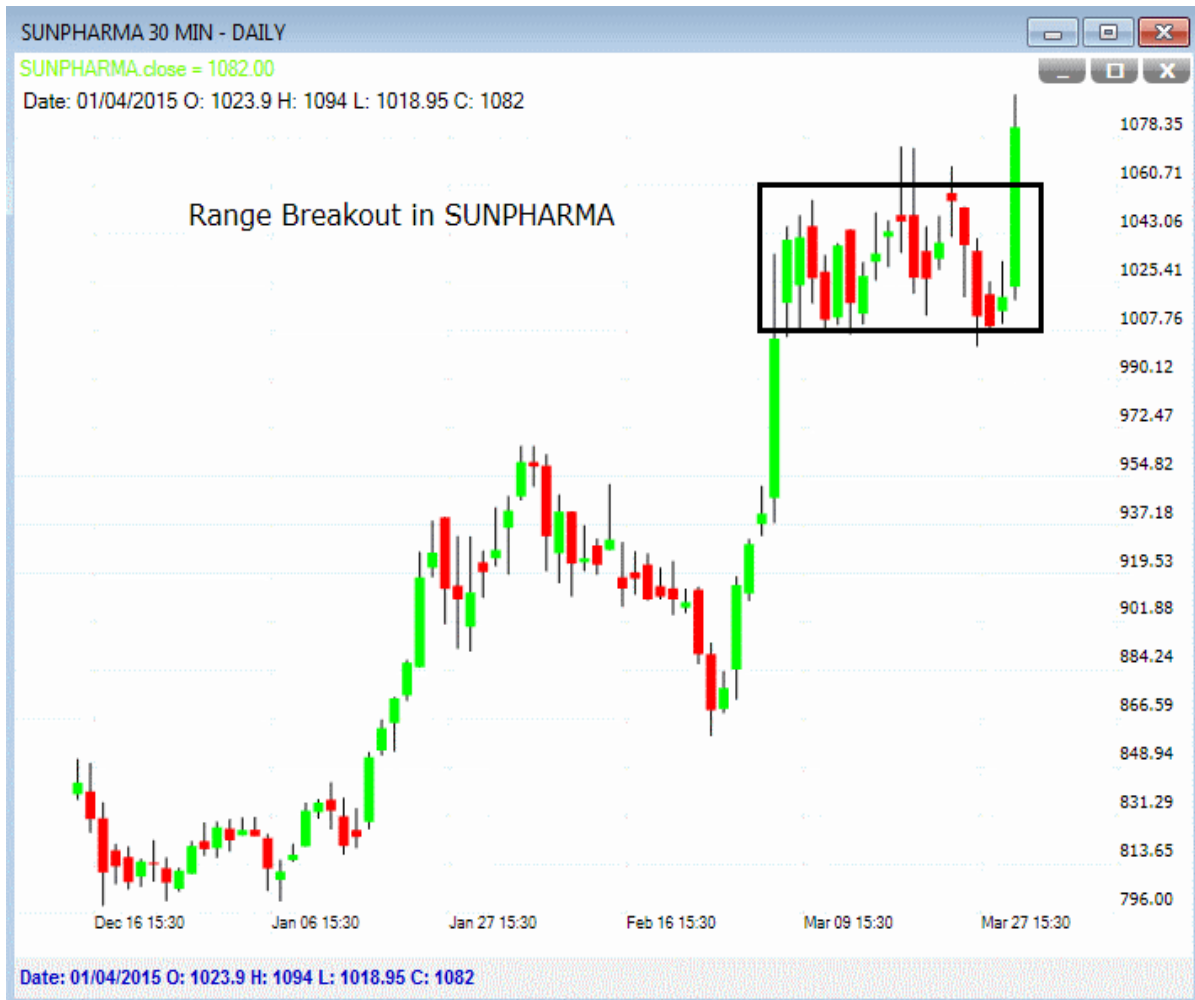
HAVELLS – [Close (Spot Price): 304.80] – BUY

Intermediate and Short Term Trend is up in HAVELLS. Prices have seen a rally and then started a process of consolidation. Prices are trading very narrow inside this consolidation. Buy this stock above 307. If this trade executes then place your stop just below 300 and a target near 321.



SUNPHARMA – [Close (Spot Price): 1082] – BUY

Trend is up in SUNPHARMA. Prices have been trading inside a range. This range has been broken on upside and prices closed above to it. The rally may continue for some more time. Buy this stock above 1090. If this trade executes then place your stop just below 1060 with a target near 1150.



TVSMOTOR – [Close (Spot Price): 256] – SELL

Trend is down in TVS MOTOR. Prices are making a pattern of lower highs and lower lows. Prices have seen a breakdown from its strong support at 260 and closed below. Sell this stock below 255. If this trade executes then place your stop just above 258 and a target near 249.



Final Words

Look for buying opportunities on a day to day basis and those buying from intraday perspective could have made decent gains as the market has been opening flat for past 2 sessions.

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