

ABSTRACT

NIFTY RALLY CONTINUES AHEAD OF RBI POLICY REVIEW MEETING; BANKS UNDERPERFORM; MARKET REACTION TO RBI POLICY LIKELY TRIGGER FOR NEW TREND; REMAIN BULLISH WHILE NIFTY IS ABOVE 8600

Bank Nifty traded choppy and narrow today. The index is trading near its resistance level at 18800. Wait for a clear direction in this sector. CNX IT is trading very narrow and choppy from last two trading days. The index is trading near its support zone. Trend is down here. TCS, HCLTECH and TECH M are moving down.

We have FINANCIAL in Sector Focus. Long Term Trend is Sideways in this sector. We will discuss the current scenario of Financial Stocks. Stock in focus includes JSW STEEL, TATA CHEM, WOOCK PHARMA and ZEEL. For each of these stocks, we analyse their technical picture; identify trades with stop loss and targets. We will discuss a trade in GOLD in our section METALS WATCH.

MARKET TODAY

Nifty opened up with a gap up of nearly 30 points at 8615.80. Prices were moving near the yesterday's close till 12'o clock, in the process it touched a low of 8573.75 but then a steady elevation in prices took Nifty to the day's high at 8667.55. Nifty finally closed near high of the day at 8659.90 with a gain of 73.65 points. Market traded in the range of 84 points. Among the major indices, CNX PHARMA (5.11%) and CNX FMCG (2.30%) were the outperformers while CNX Bank and CNX IT closed with a minor change. Market breadth was positive today with 1069 advancing and 447 declining stocks on the NSE.

WHAT TO DO TOMORROW

Tomorrow will be a news driven day; the Reserve Bank of India (RBI) will review its monetary policy. The market will also keep an eye on Friday, April 10, when the government will announce its February industrial production data (IIP), February manufacturing production data and March inflation data. Considering the above events and overall market scenario, volatility will remain high especially in rate sensitive sectors like banking, auto and realty. Market is in a narrow range from past few sessions and we may see a breakout from that narrow range after tomorrow's RBI meeting. So, wait for this news event to happen and then take fresh positions according to the direction of the market.

We remain bullish above 8600 Nifty.

ACTIVE INVESTING

HDIL STAGED A STUNNING BREAKOUT TODAY. THE STOCK SHOULD COME IN OUR BUY LIST. BUY SMALL VOLUME AT CURRENT RATES, THEN ADD ON DIP OR CONSOLIDATION.

NIFTY WATCH

Trading Observations

Even after a strong opening Nifty retraced back to trade flat for the first half. But after an up move in second half it broke above 8600 level convincingly and finally managed to close above the 8650 mark. From the intraday perspective it was again the bulls; that had the upper hand in trade today as Nifty closed near the high of the day without much volatility.

On the hourly charts Nifty has turned to make higher tops and higher bottoms. Going ahead from here, the zone between 8700 and 8780 may offer some supply while 8600 to 8550 offers some support. But the fact that Nifty is gaining ground day by day makes us optimistic in the near term.

As technical traders we give highest weightage to price action evidence but we must also be aware of fundamental developments. If Nifty gains further strength after tomorrow's credit policy then chances are higher that the correction for the time being is over and we can expect higher levels. But if Nifty turns lower from current levels then we can expect a test of recent lows.

Short Term

In the previous addition of this newsletter we had advised to go long in Nifty if it sustains above 8600 so now those having these long positions can hold them with a stop just below 8550 level in the cash index.

Intermediate Term

We are cautiously bullish in the Nifty for the intermediate term and look for buying opportunity as of now.

STOCK MARKET – SPOT PRICE (NIFTY: 8652, SENSEX: 28,504.46)



TAKING A SWING TRADE

We had suggested four trades in our newsletter dated 24 March 2015. Trade was to go long in WOCKPHARMA and short in TATASTEEL, HDFC BANK, and BAJAJAUTO.

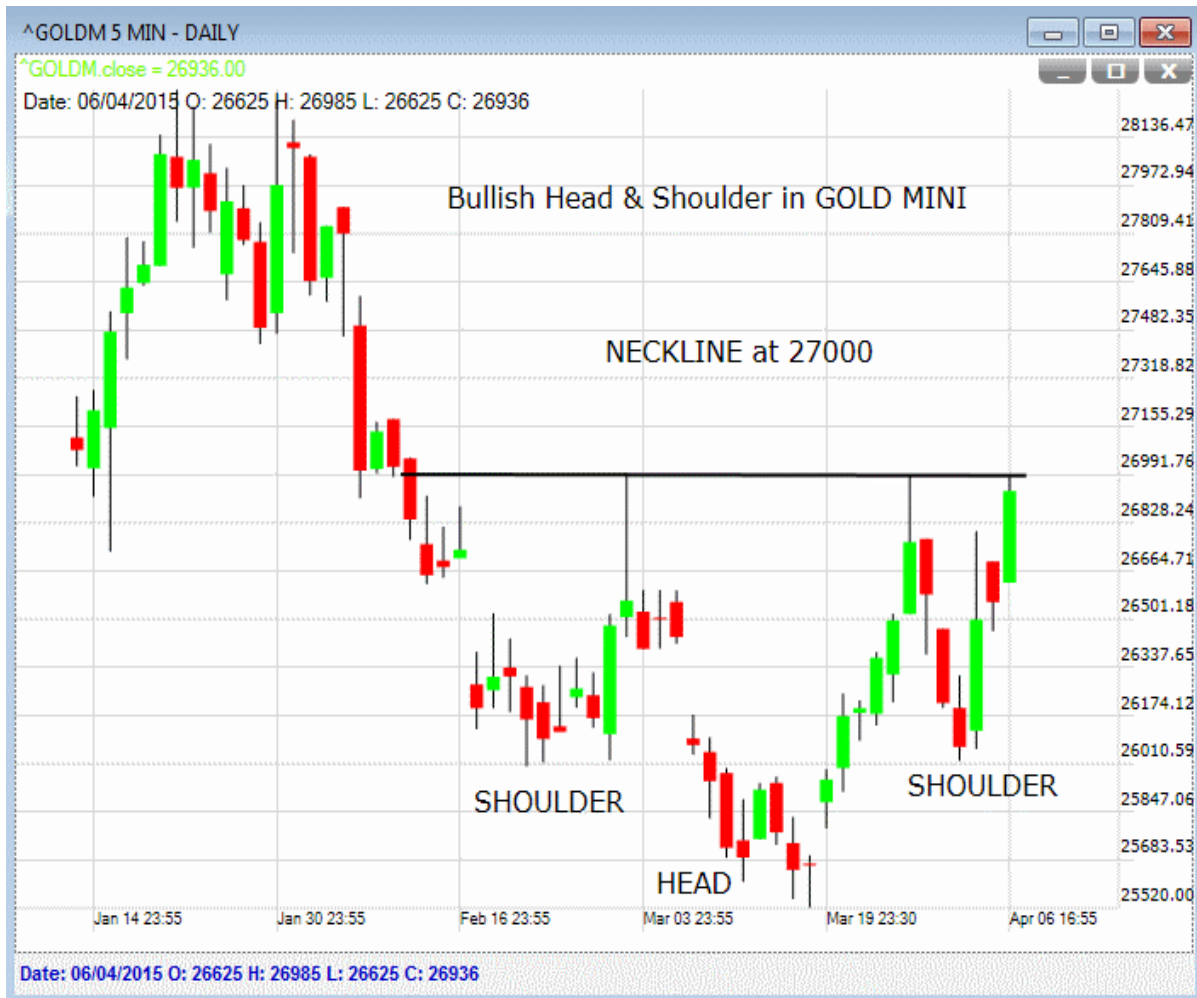
WOCKPHARMA has been stopped out while HDFC BANK and BAJAJAUTO are trading near our target price after executing. Today is the fifth day of the trade. Traders may like to liquidate trades after 4 or 5 days. Please note, this is also a matter of personal opinion, there are no rigid rule for time based stops.

We had also suggested TATASTEEL for short sell. Steady decline throughout the day helped prices to achieve our target price. We have gained almost 8 points from that trade.

In the given trades, we don't know which one is going to give us a profit or which one is going to lose money. Sometime all four trades work in our favor, sometime these trades lose money and rarely any of them don't even cross our entry point. As a trader we just have to take these trades on regular basis so that the probability remains in our side.

METALS WATCH

METAL	CURRENT PATTERN (if any)	TIME FRAME	TRADE			PREVIOUS PATTERN	TIME FRAME
			ENTRY PRICE	STOP	TARGET		
GOLD MINI 26936	A Bullish Head & Shoulder is under process. Possible Neckline near 27000	EOD	27050	26750	27700	Resistance at 26600	EOD
SILVER MINI 38284	A large consolidation inside 36000 - 39000	EOD	NA	NA	NA	Resistance at 39000	EOD



IT IS ABOUT BANKS! [Bank Nifty (Spot Price): 18593.45]

Bank nifty traded narrow and choppy today. The range was almost 250 points today.

Bank nifty is trading near its resistance 18800. A close above the resistance will tell us that the short term trend is now changing to upside. Long trades can be taken once it closed above 18800 with small volume and slowly we can add if price continues up move.

Look for a short selling if index goes below 18200.

As of now wait for the opportunity and then trade accordingly.



IT WATCH [CNX IT (Future Price): 12040]

Intermediate and Short Term Trend is down in CNX IT. The index is trading very choppy and narrow near its support at 12000. 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. INFY is still trading inside a range. We should avoid this stock as well HEXAWARE also. WIPRO will also give a shorting opportunity if price breaks below 610.



SECTOR FOCUS [FINANCIAL]

Intermediate and Short Term Trend is sideways in FINANCIAL Sector. Prices have seen a breakout from a resistance and then came back. The sector has begun a process of consolidation at its top. Almost all the financial stocks are consolidating and trading inside a range. Financial Stocks which are trading inside a range are, HDFC, IDFC, LICHSFIN, M&M FIN, PFC and RECLTD. In these stocks only M&MFIN and RECLTD are offering us an investing opportunity. Trend is down in REL CAPITAL and SRTRANSFIN. Look for a shorting opportunity in these two stocks. Trend is very strong on upside in SKS MICRO, Look for a buy on dips opportunity in this stock.



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.

JSWSTEEL – [Close (Spot Price): 900.05] – SELL

Trend is down in JSWSTEEL. Prices have seen a sharp downside move and then saw a minor upside correction in a form of bearish flag. This pattern has been broken on downside. Sell this stock below 895. If this trade executes then place your stop just above 910 with a target near 860.



TATACHEM – [Close (Spot Price): 436.15] – SELL

Trend is down in TATACHEM. Prices are making a pattern of lower highs and lower lows. An upside rally took price to its resistance near 445. Price stall there and then make a move on downside. Sell this stock below 435. If this trade executes then place your stop just above 441 and a target near 423.



WOCKPHARMA – [Close (Spot Price): 1910.30] – BUY

Trend is up in WOCKPHARMA. Prices have seen a rally and then started a process of consolidation. Prices have built a trading range inside 1800 – 1930. Prices are at the verge of breakout. Buy this stock above 1920. If this trade executes then place your stop just below 1870 and a target near 2030.



ZEEL – [Close (Spot Price): 338.45] – SELL

Trend is down in ZEEL. Prices have seen an upside correction and now trading near its support at 335. A breakdown may lead prices to lower levels. Sell this stock below 335. If this trade executes then place your stop just above 340 with a target near 325.



CURRENCY TRACKER

SCRIPT	CURRENT PATTERN (if any)	TIME FRAME	TRADE			PREVIOUS PATTERN	TIME FRAME
			ENTRY PRICE	STOP	TARGET		
GBPINR 93.44	Trading inside a range 92.10 – 93.80	EOD	NA	NA	NA	Resistance at 94	EOD
JPYINR 52.46	Consolidating inside 51.60 - 53	EOD	NA	NA	NA	NA	NA
USDINR 62.48	Consolidating inside 62.10 – 63.20	EOD	NA	NA	NA	Support at 62.40	EOD
EURINR 68.70	Making a pattern of Cup & Handle With a resistance line at 69.40	EOD	NA	NA	NA	Resistance at 69	EOD



Final Words

If Nifty gains further strength after tomorrow's credit policy then chances are higher that the correction for the time being is over and we can expect higher levels. But if Nifty turns lower from current levels then we can expect a test of recent lows.

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