

## **ABSTRACT**

**WE LIKE IT, SAY THE MARKETS PRAISING THE RESERVE BANK; SHORT TERM TREND IS UP; NIFTY MOVING TOWARDS 8750-8780 RESISTANCE; STAY OR INITIATE LONG POSITIONS UNTIL 8550 IS BROKEN ON DOWN SIDE**

Decline continues in Bank Nifty. The index is trading between its short term support at 18200 and a strong resistance at 18800. A close beyond these levels may give us a trading opportunity in Bank Index. CNX IT is trading very choppy inside its support at 12000 and resistance at 12300. Trend is down here.

We have AUTOMOBILE in Sector Focus. Trend is Sideways in this sector. We will discuss the current scenario of Auto Stocks. Stock in focus includes ASIAN PAINT, ICICI BANK, JSW ENERGY and ULTRACEMCO. 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.

## **MARKETS TODAY**

Today's story started up with a gap up of nearly 24 points at 8684.65. Prices traded volatile and choppy, where it touched a high of 8693.60 and a low of 8586.85. A decline took place when markets realize there was to be no rate cut. A last hour recovery came suggesting buyers have conviction, helping the Nifty to close at the yesterday's level. Nifty traded in a wide range of 107 points. Among the major indices, CNX FMCG was the outperformer; while CNX Bank and CNX Pharma closed with minor losses. Advance/decline ratio was in favor of advancing stocks with 917 advancing and 602 declining stocks while 35 stocks remain unchanged.

## **ACTIVE INVESTING**

HINDALCO has come out of an ascending triangle suggesting there may be a buying opportunity. Metals have been underperforming; therefore the investing idea needs;

- (a) Lower volume, and,
- (b) Discipline to exit if the position does not work out.

## **TRADING**

The short term trend is UP; therefore traders should look to buy on dips, breakouts. Short selling should be avoided.

## **NIFTY WATCH**

We go back a bit when we had identified the 8350 zone as an area where strong support could come for the then falling Nifty. Nifty did find support in the area. After making a low, the Nifty has started a strong surge upwards, giving a V shaped reversal.

Now, we are not fans of V shaped rallies. To our judgement, the best rallies emerge after base building. In the present context, there is no base building, just a sudden and sharp turn from down to up. Since the trend is UP, we are now buyers. We are keeping relatively tight stops. Markets will start a process of consolidation, we just do not know when.

## **Short Term**

We are bullish in the Nifty for the short term and we had advised to go long in Nifty if it sustains above 8600 so long positions can be held with a stop just below 8550 level in the cash index.

## Intermediate Term

We would want to see the Nifty go through a process of consolidation before making commitments for an intermediate time frame. So, there are no trades as of now in this time frame.

**STOCK MARKET – SPOT PRICE (NIFTY: 8676.90, SENSEX: 28,516.59)**



## TAKING A SWING TRADE

### *Following the trend*

In our newsletter dated 25 March 2015, we had suggested four swing trades. The trade was to go short in our all four stocks namely AMBUJACEM, LICHSGFIN, PNB and SRTRANSFIN.

We have been stopped out from AMBUJACEM and LICHSGFIN as prices seen a sharp up move after executing while target has been achieved in PNB and SRTRANSFIN.

Following are the summary details of the trade in SRTRANSFIN which helps in our future swing trading.

**SRTRANSFIN – (close at 1119.80)** – The trade was to sell below 1110 with a stop loss just above 1130 and a target near 1070.

The next day (26 March), Price opened at 1114.10 with 4 point's gap down. We were waiting for our entry price to come. Finally, at 10:00 AM, price crossed below 1110 and we went short there. On the same day, stock made a high of 1123.55. After that prices slowly drifted downward and touched our target price at 1070 (27 March). We have gained almost 40 points in this trade.

Following the trend is an essential strategy for successful traders; Sometimes in such a strong trending stock, prices hits the stop. This does not mean that the trend is changed. We use stop to manage our risk only. In such a scenario we should wait for another trading opportunity.

#### METALS WATCH

METAL	CURRENT PATTERN (if any)	TIME FRAME	TRADE			PREVIOUS PATTERN	TIME FRAME
			ENTRY PRICE	STOP	TARGET		
<b>GOLD MINI 26813</b>	A Bullish Head & Shoulder is under process. Possible Neckline near 27000	EOD	27050	26750	27700	Resistance at 26600	EOD
<b>SILVER MINI 37680</b>	A large consolidation inside 36000 - 39000	EOD	NA	NA	NA	Resistance at 39000	EOD

#### IT IS ABOUT BANKS! [Bank Nifty (Spot Price): 18504.10]

Bank Nifty has seen a minor decline today and closed just above 18500. Upside Correction continues in Bank nifty. Above the resistance comes at 18800.

We have said it yesterday that after such a big move up we may see some choppy and narrow price action in this index.

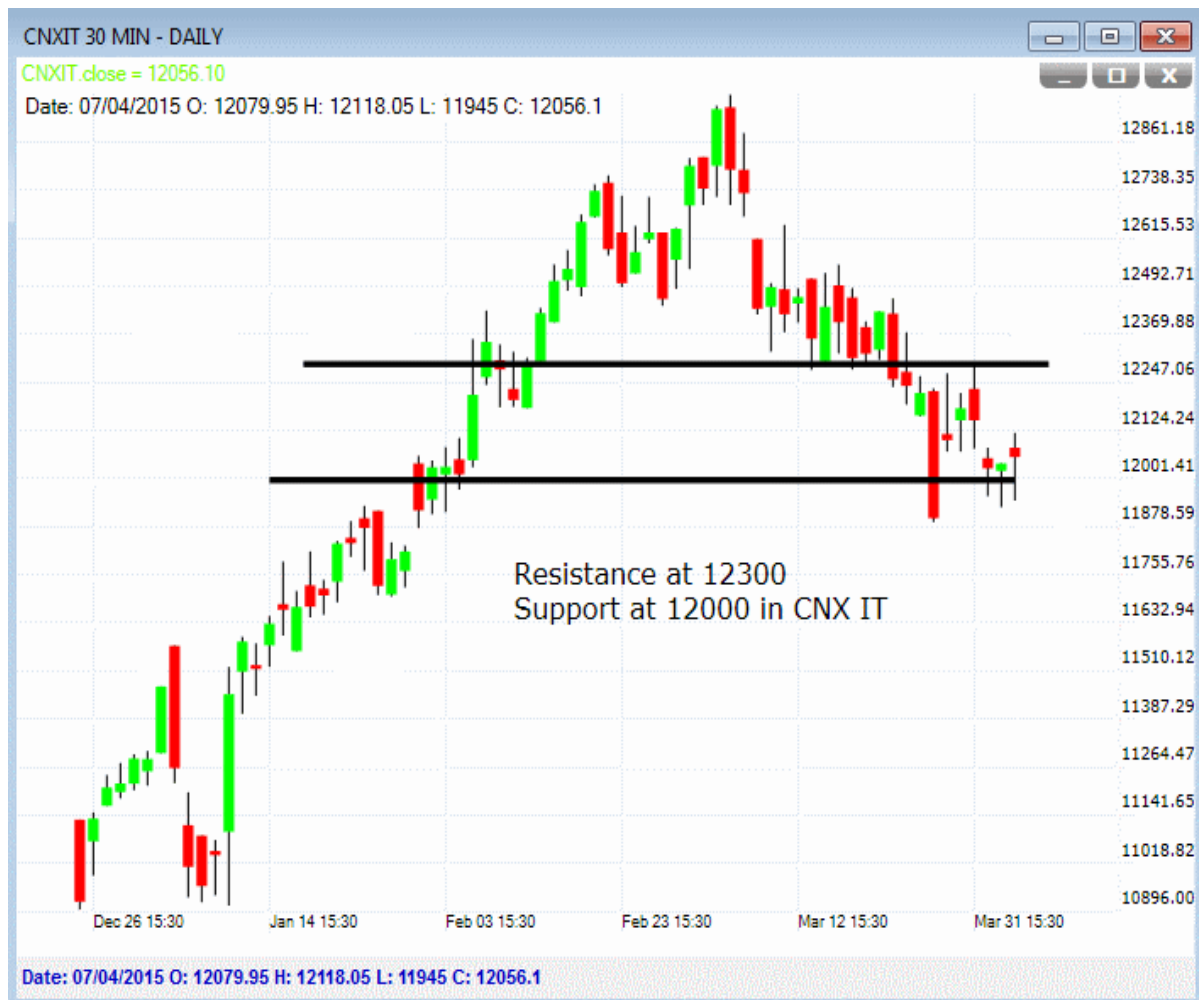
That it happened today. Prices traded choppy and narrow. Sometimes not to trade is the best trade. This phrase is very much suitable to present scenario in bank nifty.

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



**IT WATCH [CNX IT (Future Price): 12056.10]**

Intermediate and Short Term Trend is down in CNX IT. The index is trading very choppy and narrow near its support at 12000. Above the first resistance comes at 12300. A close above this resistance may give us a buying opportunity in IT Stocks. As far prices are trading below 12300, we should look for short selling only with small volume. A close below the support 12000 may give us a shorting opportunity with higher volumes.



## SECTOR FOCUS [AUTOMOBILE]

Intermediate and short term trend is sideways in AUTO Sector. Prices have seen a rally and find resistance at upper level. The sector is now consolidating and trading inside a range. Some of AUTO Stocks are offering us a shorting opportunity. AMTEKAUTO, APOLLO TYRE, BAJAJ AUTO and M&M have seen a breakdown from its support and now moving down. Traders can look for a short selling in these four stocks. MARUTI is the outperformer in this sector. Every dip in this stock should consider as a buying opportunity. Avoid the rest of the stock 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.

### **ASIANPAINT – [Close (Spot Price): 838.25] – BUY**

Long Term Trend is up in ASIANPAINT. This stock has seen a sharp correction and then went into a trading range inside 790 – 850. Prices are now trading near its resistance suggests we may see a breakout. Buy this stock above 845. If this trade executes then place your stop just below 825 and a target near 890.



**ICICIBANK – [Close (Spot Price): 317.75] – SELL**

Trend is down in ICICIBANK. Prices have seen a decline and broken below to its strong support at 325. This level is now acting as a strong resistance for this stock. Sell this stock below 315. If this trade executes then place your stop just above 320 and a target near 305.



**JSWENERGY – [Close (Spot Price): 119.95] – BUY**

Trend is up in JSWENERGY. The stock is trading inside a tight trading range 116 – 122. Prices are narrowing day by day inside this range suggests we may see an expansion very soon. Buy this stock above 122. If this trade executes then place your stop just below 119 and a target near 128.





**ULTRACEMCO – [Close (Spot Price): 2940] – BUY**

Short Term Trend is changing to upside in ULTRACEMCO. Prices have seen a decline and made its low near 2730. A pattern of bullish Head & Shoulder is now visible with a possible neckline near 2960. Buy this stock above 2960. If this trade executes then place your stop just below 2910 and a target near 3060.



#### CURRENCY TRACKER

SCRIPT	CURRENT PATTERN (if any)	TIME FRAME	TRADE			PREVIOUS PATTERN	TIME FRAME
			ENTRY PRICE	STOP	TARGET		
<b>GBPINR</b> 93.22	Trading inside a range 92.10 – 93.80	EOD	NA	NA	NA	Resistance at 94	EOD
<b>JPYINR</b> 52.19	Consolidating inside 51.60 - 53	EOD	NA	NA	NA	NA	NA
<b>USDINR</b> 62.59	Consolidating inside 62.10 – 63.20	EOD	NA	NA	NA	Support at 62.40	EOD
<b>EURINR</b> 67.99	Making a pattern of Cup & Handle With a resistance line at 69.40	EOD	NA	NA	NA	Resistance at 69	EOD

## Final Words

The short term trend is UP; therefore traders should look to buy on dips, breakouts. Short selling should be avoided.

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