

ABSTRACT

NIFTY RALLY CONTINUES COMES CLOSE TO 8780 RESISTANCE; AVOID BANKS AS THEY UNDERPERFORM; MAINTAIN LONG POSITIONS; BUY ON DIPS; STOP FOR NIFTY IS NOW 8600

Bank Nifty traded very choppy and narrow today. The sector is underperforming the Nifty. A close beyond 18200 – 18800 may give us a trading opportunity in Bank Index. CNX IT has seen a big up move and closed just above to its resistance at 12300.

We have ELECTRICAL in Sector Focus. Trend is up in this sector. We will discuss the current scenario of Electronic Stocks. Stock in focus includes BATAINDIA, CIPA, HIND PETRO and SIEMENS. For each of these stocks, we analyses their technical picture; identify trades with stop loss and targets. We will discuss a trade in GOLD in our section METALS WATCH.

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MARKETS TODAY

Nifty started steadily with a gap up of almost 40 points at 8698.95. After a big gap up it traded choppy and narrow throughout the day. In between it touched a low of 8679.80 and then moved up to touch a high of 8730.50. Prices seen a minor decline in last few minutes but closed with a gain of 54.10 at 8714.40. Market traded in a low range of approximately 51 points. Among the major indices, CNX IT (1.88), CNX FMCG (1.57%) outperformed for the market while CNX Bank closed with a minor loss. Advance/decline ratio was in favor of advancing stocks with 763 advancing and 427 declining stocks while 25 stocks remained unchanged.

TRADING

Nifty opened with a gap of 38 points in the green and traded very choppy in a tight range for the entire session. It finally closed at 8714.4, with a gain of 54.1 points, in the upper half of day's range of 50.7 points. Today's price action in Nifty was mildly neutral to positive.

On the daily charts Nifty range of 50.7 points was its narrowest in last fifteen sessions. The index is now precariously poised between the 8700 and 8800 congestion zone. Its movement in next 2-3 sessions may signal about the directional trend of short to intermediate term at least. If Nifty clears and sustains above this resistance zone we can expect a move towards the new highs but a failure to clear 8800 level convincingly may pave the way towards the recent lows of 8270 or near about.

WHAT TO DO TOMORROW?

Nifty may consolidate in a choppy environment in the very short term and large direction move would come only above 8750 or below 8650 and between them there doesn't seem any high probability trade. So wait and watch for a break of this range.

ACTIVE INVESTING

Today's highlight was a handsome rally in Reliance which has bounced up from support levels. We remain optimistic on Reliance, since a multiyear trading range in this stock will offer big gains once prices breakout above 1050.

Today's rally therefore is interesting to watch but does not offer any active investing opportunities. Maybe, a bullish pattern could develop when we may consider a short term buy. For now, we watch the stock but do not participate.

NIFTY WATCH

Short Term

We are now cautiously bullish for this time frame and advise traders to hold their long positions with a revised stop just below 8600 level in the cash index.

Intermediate Term

We don't any positions for the intermediate term and advise traders to wait patiently for fresh signals to trade.

STOCK MARKET – SPOT PRICE (NIFTY: 8717.35, SENSEX: 28,707.75)



TAKING A SWING TRADE

BATAINDIA – (close at 1130) – The trade was to sell below 1125 with a stop loss just above 1155 and a target near 1060.

The next day (27 March), Price opened at 1120.30 with 10 point's gap down. We were waiting for our entry price to come and it came when priced open below 1110 and we went short there. That decline continued till afternoon session and then went into a narrow trading range. That narrow range gave us a sign of expansion. On the very next day, stock made an expansion to lower side and clicked a price of 1062 just 2 points above our target price and then prices slowly moved upward. Now we are waiting for our target price.

In this particular trade we knew our target price is very close so we may set our stop loss accordingly. If we are near to our target price as we are in this trade then we should move our stop loss to breakeven because risk is very much less in this trade and also it don't affect the profit ratio much. If prices are so near our target price and prices reversing back to our stop loss then we can shift our stop loss or we can simply exit from that trade with some profit. Stops are used only to protect our capital, so that we can look for another trading opportunity.

The reason we use a situation-based stop loss is that if the markets seem to be moving in opposite direction of the target after coming close to it, you can close down that trade leaving you free to use that capital for other opportunities.

METALS WATCH

METAL	CURRENT PATTERN (if any)	TIME FRAME	TRADE			PREVIOUS PATTERN	TIME FRAME
			ENTRY PRICE	STOP	TARGET		
GOLD MINI 26775	A Bullish Head & Shoulder is under process. Possible Neckline near 27000	EOD	27050	26750	27700	Resistance at 26600	EOD
SILVER MINI 37687	A large consolidation inside 36000 - 39000	EOD	NA	NA	NA	Resistance at 39000	EOD

IT IS ABOUT BANKS! [Bank Nifty (Spot Price): 18418.55]

Bank Nifty has seen a minor decline today and closed just above 18400. Correction continues in Bank nifty.

Above the resistance comes at 18800. We have saying it from last few days that after such a big move up we may see some choppy and narrow price action in this index. That it happened today as well as yesterday. 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): 12319]

CNX IT has seen a big run up today and closed just above to its resistance at 12300. A close above this resistance has now given us a chance to look for a buying opportunity in IT Stocks with lower volumes. Above 12300, an immediate resistance comes at 12500. A close above this resistance may give us a buying opportunity with higher volume. Below the support comes at 12000.



SECTOR FOCUS [ELECTRICAL]

Short term Trend is now changing to upside in ELECTRICAL Sector. A trading range is now at the verge of breakout. In this sector, SIEMENS and VOLTAS are now coming out from a consolidation. These two stocks are offering us a buying opportunity. Avoid the rest of the stocks in this sector.



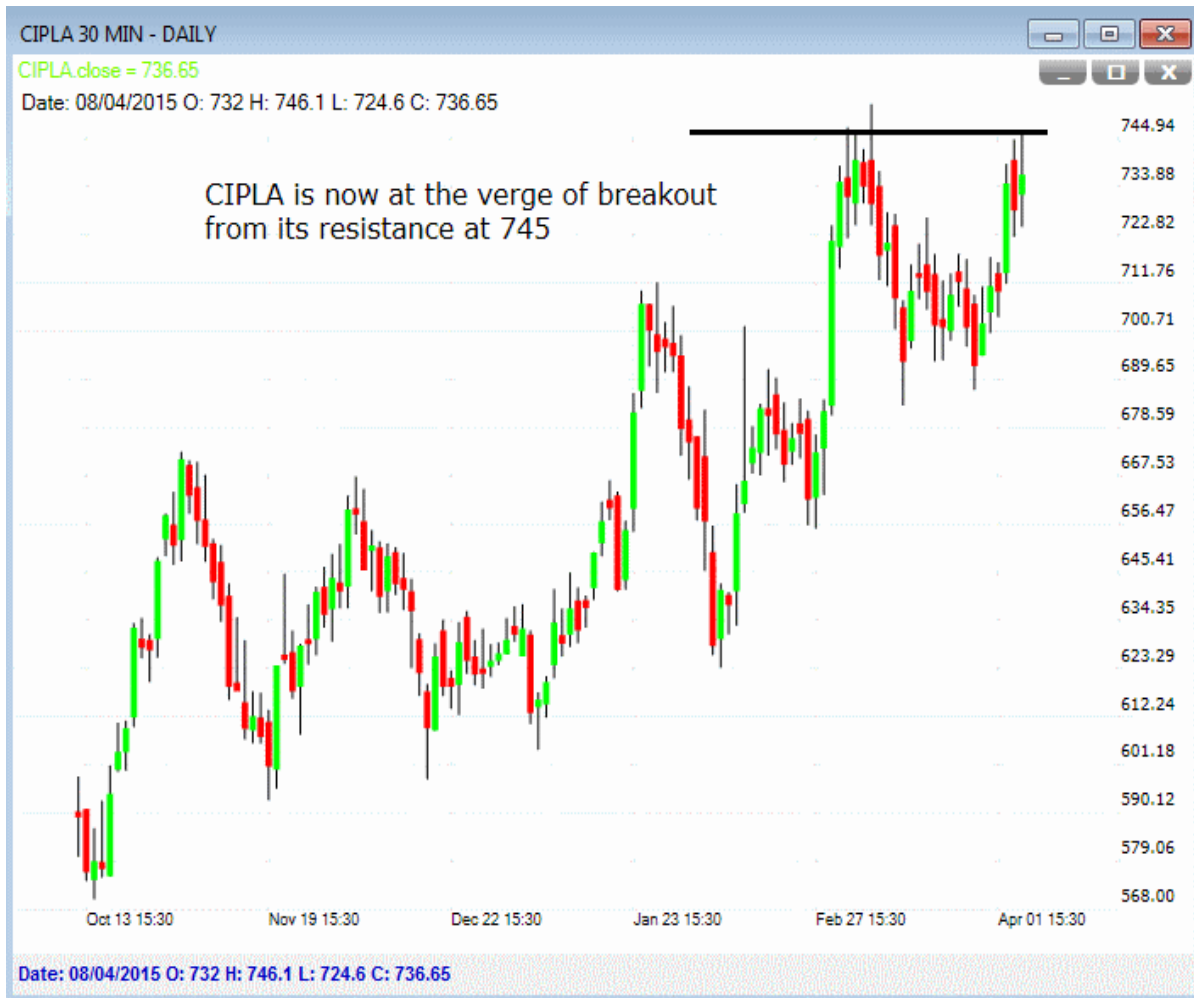
SWING TRADES

“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.

CIPLA – [Close (Spot Price): 736.65] – BUY

Long Term Trend is up in CIPLA. This stock has seen an upside move and now at the verge of breakout from its resistance at 745. This breakout may lead prices to higher levels. Buy this stock above 740. If this trade executes then place your stop just below 725 and a target near 770.



BATAINDIA – [Close (Spot Price): 1129] – SELL

Trend is down in BATAINDIA. Prices have seen a minor correction and find resistance near 1150. We may see a down move in this stock. Sell this stock below 1125. If this trade executes then place your stop just above 1150 and a target near 1075.



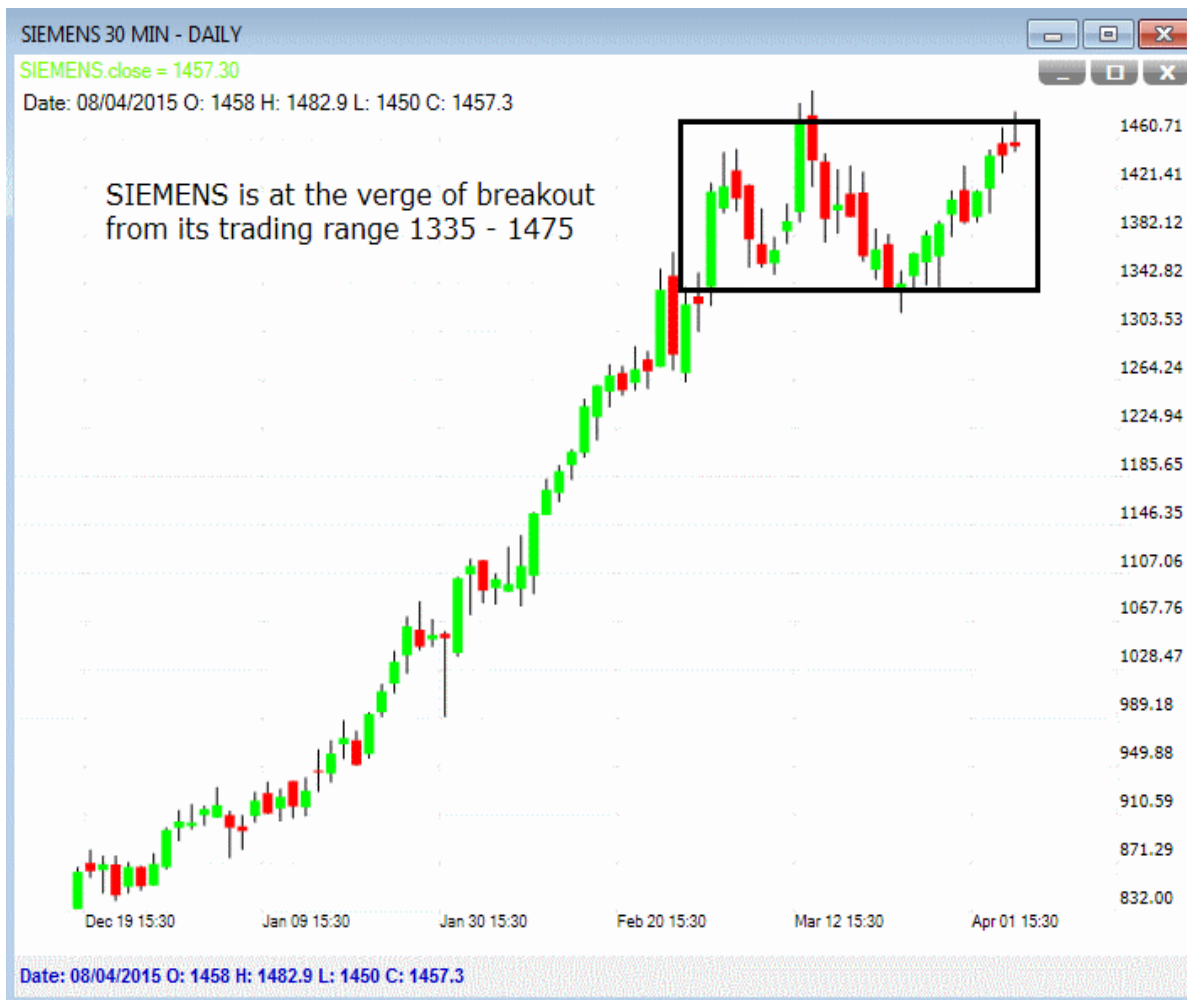
HINDPETRO – [Close (Spot Price): 673.30] – BUY

Trend is up in HINDPETRO. The stock has seen an upside rally and then went into a narrow range. Prices have been finding repetitive resistance near 665. This range has seen a breakout today. Buy this stock above 675. If this trade executes then place your stop just below 665 and a target near 695.



SIEMENS – [Close (Spot Price): 1457.30] – BUY

Trend is very strong on upside in SIEMENS. Prices have seen a rally and then went inside a trading range 1335 – 1475. Prices are now at the verge of breakout from this range. Buy this stock above 1465. If this trade executes then place your stop just below 1445 and a target near 1510.



CURRENCY TRACKER

SCRIPT	CURRENT PATTERN (if any)	TIME FRAME	TRADE			PREVIOUS PATTERN	TIME FRAME
			ENTRY PRICE	STOP	TARGET		
GBPINR 93.39	Trading inside a range 92.10 – 93.80	EOD	NA	NA	NA	Resistance at 94	EOD
JPYINR 52.21	Consolidating inside 51.60 - 53	EOD	NA	NA	NA	NA	NA
USDINR 62.49	Consolidating inside 62.10 – 63.20	EOD	NA	NA	NA	Support at 62.40	EOD
EURINR 67.94	Making a pattern of Cup & Handle With a resistance line at 69.40	EOD	NA	NA	NA	Resistance at 69	EOD

Final Words

Nifty may consolidate in a choppy environment in the very short term and large direction move would come only above 8750 or below 8650 and between them there doesn't seem any high probability trade. So wait and watch for a break of this range.

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