

ABSTRACT

MARKETS APPEAR STRONG AS MINOR INTRA DAY DIP IS BOUGHT INTO; SHORT TERM TREND REMAINS UP; MAINTAIN LONG POSITIONS IN NIFTY; MOVE STOP TO 8700; BANK NIFTY COMES INTO BUY ZONE.

Bank Nifty traded choppy and narrow. The index is now showing some bullishness. We may get a buying here. Trend is up in CNX IT. The index remained above 12300. Look for a buy with small volume in IT Stocks.

We have FMCG in Sector Focus. Trend is up in this sector. We will discuss the current scenario of FMCG Stocks. Stock in focus includes AUROPHARMA, BHARATFORGE, HINDALCO and INFY. For each of these stocks, we analyse their technical picture; identify trades with stop loss and targets. We will discuss the current scenario of GOLD, SILVER and a trade in EURINR.

MARKETS TODAY

Nifty started the session with a gap down of just 4 points at 8774.35. The opening belongs to the bears in which prices went below from yesterday's close for most of the time to touch a low of 8773.60. However after lunch price started growing steadily which help Nifty to recover from that loss and touch the high of 8787.40. Nifty traded narrow and closed near high of the day at 8780.35 with a gain of just 2 points. Nifty traded in the low range of 55 points. Among the major indices, CNX FMCG closed with minor gains while CNX Bank and CNX Pharma closed with minor losses. Market breadth was positive today with 946 advancing and 571 declining stocks on the NSE.

TRADING

Nifty traded choppy in narrow range with a negative bias for most part of the day. It recovered its losses in the last hour to finally close nearly flat with a gain of just 2 points at 8780. Final closing of the index was in the upper hand of today's range of 53.8 points. Nothing much can be derived from today's intraday price action.

Friday's price action was to trade in a narrow range. This is contraction. A breakout is imminent. If Markets begin to move up on Monday, we would like to add to long positions or go long.

On the daily charts Nifty is consolidating in a narrow range roughly within 8700 and 8800. The momentum on the upside has been waning for the past 2-3 sessions. This waning of momentum represents contraction suggesting that an expansion is coming. We do not know in which direction the break out will be but momentum will pick up once again only when Nifty breaks out of this range of 8700-8800. Traders should wait patiently for a sustained breakout out of this range before making any large directional bets.

WHAT TO DO TOMORROW?

As long as Nifty is in a compression phase traders should just wait it out and enter only in the direction of the sustained breakout whenever it expands out of this range.

ACTIVE INVESTING

Just a few days ago, we discussed Reliance, suggesting that a one day rally was not good reason to buy. Now, the stock has moved up for more than one day. Has the stock run away from our hands?

We feel that the buying opportunity in Reliance will come when the stock consolidates, and, not earlier. Therefore, Patience!

THE BIG PICTURE

We first look at the Big Picture for the stock market.

Long Term Bull Market is Intact

For Investors, the stock market should be a rewarding experience for the next few years.

Investments in Fixed Deposits with Banks, Real Estate and Gold purchased few years ago – these have been the winners for Investors over the past years. This is changing.

Investors should consider investing in blue chips and index funds in the stock market. Then, stay invested!

The wisest course of action is to balance your equity investments between Index Funds (40%), Blue Chips (30%), Mid Caps (10%) and Position Trading (20%).

Your equity investments should be 50% or more of your liquid assets. If you own a house for your personal use, and, Gold in form of Jewellery – these are not liquid assets, so do not consider them when calculating your equity allocation.

IF you are a full time trader, you are in the business of trading. Your investments in trading as like an investment in business. This should not be included in liquid assets. The investment in your trading business is different from the 20% allocation you make for position trading as mentioned earlier.

NIFTY WATCH

Short Term

We are cautiously bullish to mildly neutral for the short term and advise traders to tighten their stops for long positions to a revised level which is just below 8700.

Intermediate Term

We continue to be neutral for the intermediate term and advise traders to wait patiently for fresh signals to enter.

STOCK MARKET – SPOT PRICE (NIFTY: 8767.55, SENSEX: 28,879.38)



TAKING A SWING TRADE

Understanding Swing trading plan

LUPIN – (close at 2000) - The trade was to buy above 2010 with a stop loss just below 1980 and a target near 2070.

The next day (31 March), Price opened at 2010 with 10 point's gap up. We were waiting for prices to stabilize in first half an hour so we went long at 10.00 AM with our entry price of 2010. However price were started to decline and close near low of the day at 2000.50. Next day 1 APRIL, an upside rally arise which helped prices to close near our target price. That rally continued on next trading day and clicked a price of 2070 which is also our target price. We have gained almost 60 points from that particular trade.

Traders should be patient with winning trades and be enormously patient with losing trade. You need to remember , you can make handsome amount of money trading stocks even if you are right 30 % of the time, provided your losses are small and profits are large.

In trading it's important to have a plan and more important discipline in executing that plan. Pay attention to what is actually happening rather than what you expect to happen. There will be days when a trending stock is strong and indices are weak and there will also be days when both are moving in sync. But speculators need to understand it's a risky business to outguess the market or time it based on yesterday correlation.

METALS WATCH

METAL	CURRENT PATTERN (if any)	TIME FRAME	TRADE			PREVIOUS PATTERN	TIME FRAME
			ENTRY PRICE	STOP	TARGET		
GOLD MINI 26707	Strong Resistance at 27000	EOD	27050	26750	27700	A Bullish Head & Shoulder. Neckline near 27000	EOD
SILVER MINI 36730	A large consolidation inside 36000 - 39000	EOD	NA	NA	NA	Resistance at 39000	EOD

IT IS ABOUT BANKS! [Bank Nifty (Spot Price): 18773.45]

Bank Nifty has seen a minor decline today and closed with nearly 100 points down below 18800. It traded very choppy and narrow throughout the day.

We are expecting an expansion after narrow range day. That expansion may come in one or two days whether on the upside or down, time will tell.

A move above 18900 may give us a buying opportunity in Bank Nifty. Next resistance comes at 19500.

As of now, wait for the right opportunity and then trade according to the trend of the index.



IT WATCH [CNX IT (Future Price): 12323]

Narrow and choppy trading continues in CNX IT. Prices traded in a range of just 78 points and closed above 12300. Resistance comes at 12500 whereas support comes at 12000. Trend is up in this sector and we should look for buying with small volumes in IT Stocks. A breakout above 12500 will give us an opportunity to add in our long or to take fresh long trades in IT Stocks. Prefer HEXAWARE and INFY in this sector.



SECTOR FOCUS [FMCG]

Trend is up in FMCG Sector. The sector has seen a breakout from a large consolidation. This breakout suggests we may see an upside rally in FMCG Stocks. ASIANPAINTS has seen a breakout from large trading range. GODREJIND and COLPAL is moving up and suggests higher levels in future. HINDUNILEVER is now also moving up after a deep correction. These four stocks are outperforming the FMCG index. We should look for a buying here. MCLEODRUSS has come out from a consolidation. TATA GLOBAL is trading inside a large range. These two stocks are also offering us a buying opportunity with small volume. Trend is down in ITC and BATA INDIA. Prices are in a phase of upside correction. Avoid these two stocks for buying.



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.

AUROPHARMA- [Close (Spot Price): 1340] – BUY

Long Term Trend is up in AUROPHARMA. This stock has seen a mild correction and then price started trading very narrow. We may see an expansion here. Buy this stock above 1350. If this trade executes then place your stop just below 1315 and a target near 1420.



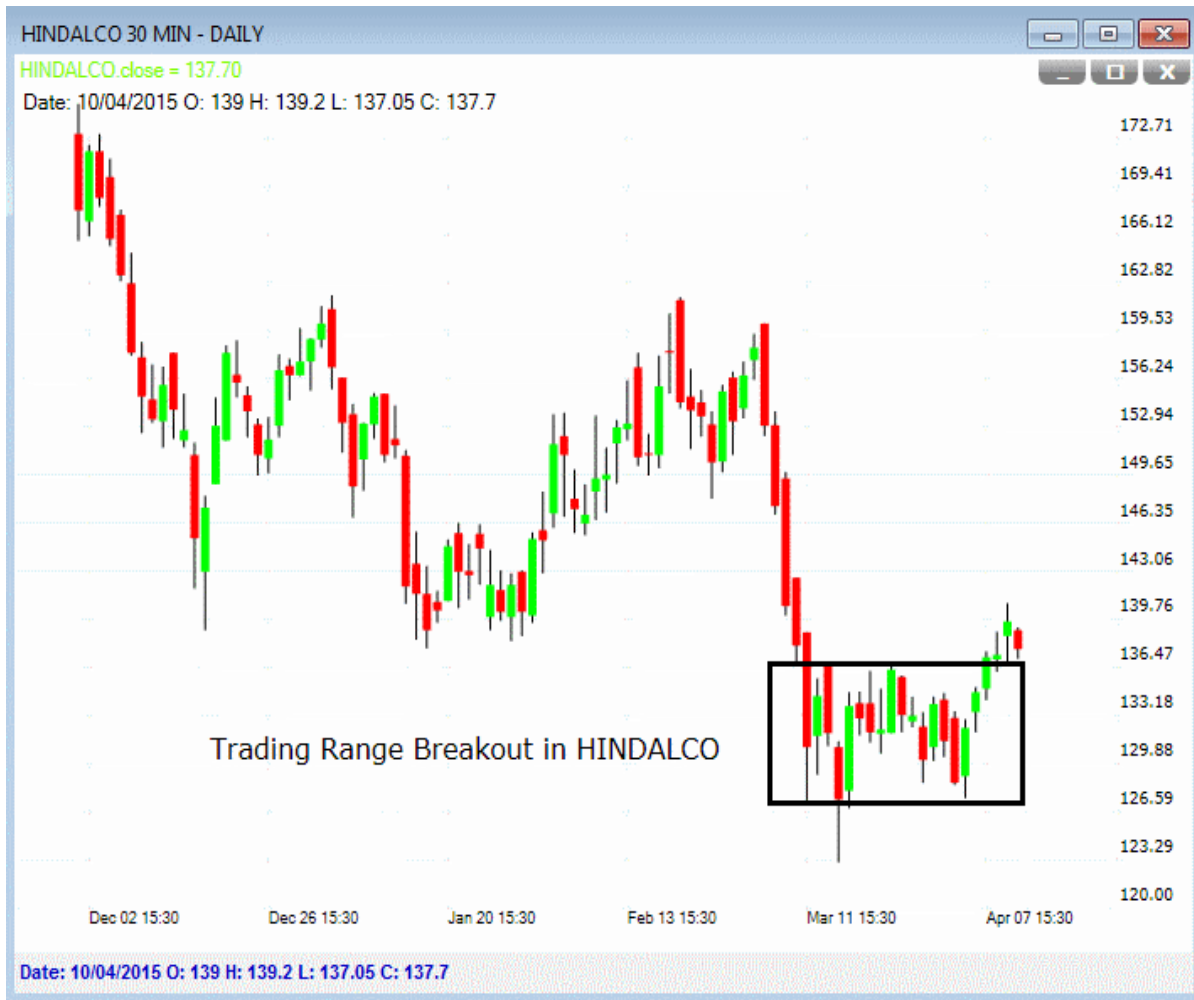
BHARATFORGE – [Close (Spot Price): 1332] – BUY

Trend is up in BHARATFORGE. The stock has seen a sharp upside rally and then went into a narrow trading range. We may see a breakout soon in this stock. Buy this stock above 1340. If this trade executes then place your stop just below 1320 and a target near 1380.



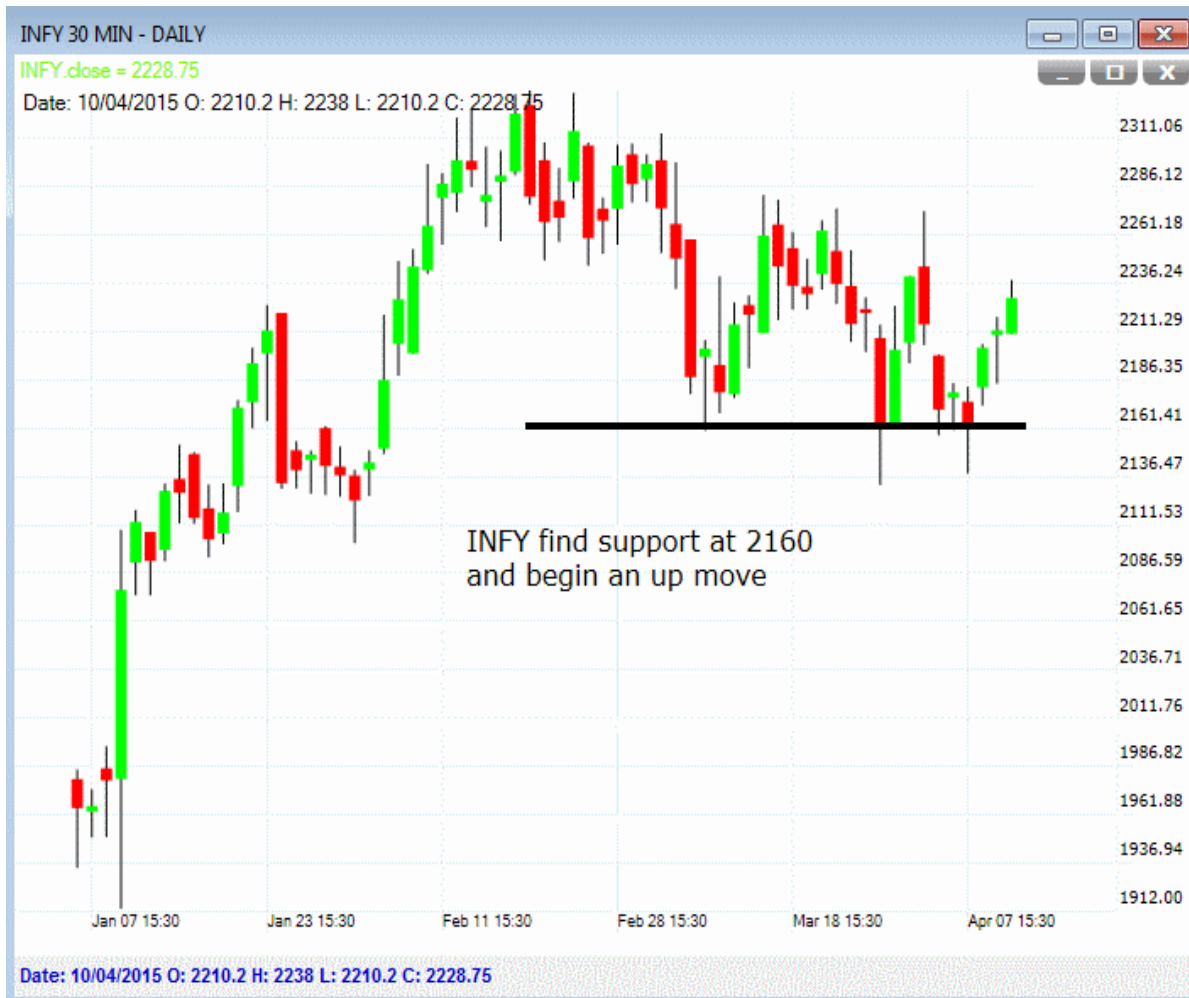
HINDALCO – [Close (Spot Price): 137.70] – BUY

Short Term Trend is now up in HINDALCO. The stock has seen a decline, build a trading range and breaks on upside. After that it started trading narrow. We may see a big move. Buy this stock above 138. If this trade executes then place your stop just below 136 and a target near 142.



INFY – [Close (Spot Price): 2228.75] – BUY

Short term trend is sideways in INFY. The stock has seen a minor decline; find support at 2160 and build a trading range inside 2160 – 2260. We may see a breakout soon. Buy this stock above 2240. If this trade executes then place your stop just below 2200 and a target near 2330.



CURRENCY TRACKER

SCRIPT	CURRENT PATTERN (if any)	TIME FRAME	TRADE			PREVIOUS PATTERN	TIME FRAME
			ENTRY PRICE	STOP	TARGET		
GBPINR 91.36	Trading range 92.10 – 93.80 breaks down	EOD	NA	NA	NA	Resistance at 94	EOD
JPYINR 51.93	Consolidating inside 51.60 - 53	EOD	NA	NA	NA	NA	NA
USDINR 62.53	Consolidating inside 62.10 – 63.20	EOD	NA	NA	NA	Support at 62.40	EOD
EURINR 66.25	Consolidating inside 66.30 – 69 breaks down	EOD	Sell @ 66.12	66.50	65.20	Resistance at 69	EOD

Final Words

As long as Nifty is in a compression phase traders should just wait it out and enter only in the direction of the sustained breakout whenever it expands out of this range.

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