

## **ABSTRACT**

**NIFTY FINDS SUPPORT AROUND 8350, CORRECTION MAY BE GETTING OVER; INDEX MAY CREATE A SUPPORT BASE; BASE BUILDING IS A PROCESS THAT TAKES TIME; BUY NIFTY WITH STOP BELOW 8350**

A relief rally came in Bank Nifty. Above the first resistance comes at 18800. CNX IT has also traded very choppy and narrow today. Intermediate and short term trend is now down.

We have STEEL in Sector Focus. Trend is down in this sector. We will discuss the current scenario of STEEL Stocks. Stock in focus includes ADANI ENT, AMTEK AUTO, CAIRN and LUPIN. For each of these stocks, we analyse their technical picture; identify trades with stop loss and targets. We will discuss GOLD and SILVER in METAL WATCH and USD, EUR and GBP in CURRENCY TRACKER.

**NIFTY FINDS SUPPORT AROUND 8350, CORRECTION MAY BE GETTING OVER; INDEX MAY CREATE A SUPPORT BASE; BASE BUILDING IS A PROCESS THAT TAKES TIME; BUY NIFTY WITH STOP BELOW 8350 MARKET TODAY**

Market seen a big up move after some days of straight decline; Nifty started the session with a gap up of almost 50 points at 8390.95. It registered a low of 8380.75 in early ticks then remained on the positive side and went up smoothly for the entire day. In few minutes, Nifty crossed 8400 mark then in the last ticks it also crossed 8500 level and touched a high of 8504.55. It finally closed near day's high at 8501.65 with a gain of 160.25 points.

Nifty traded in the wide range of almost 124 points. Among the major indices, gains in the index were mainly contributed by CNX FMCG (+1.90%), CNX Bank (+1.76%), CNX IT (+1.11%). Advance/decline ratio was in favor of advancing stocks with 1011 advances and 165 declining stocks while 23 stocks remained unchanged.

## **ACTIVE INVESTING**

Pharma stocks are in their own bull market. Pfizer, a blue chip MNC in the pharma sector is getting ready for a rally after a brief correction. Investors can consider this stock for buying.

## **TRADING**

Nifty opened with a gap of 49.55 points in the green and for a change, it traded above that gap for the entire session and finally closed nearly 100 points higher from the open. Purely from the intraday perspective price action was very strong as Nifty rose in a higher top and higher bottom formation without much volatility and closed near the high of the day.

On the daily charts, after a bullish hammer formation in the previous session today's up move of more than a percent will definitely encourage bulls to take the market further higher from here. But for bears after 8 days of straight fall, today's gains in Nifty are not yet enough to neutralize the short and intermediate term bearish outlook for the index. In fact we had already anticipated the possibility of a short term low and some bounce back from those levels.

At present we are not sure if this is 'a mere pullback or real bull's back'. As of now we assume it to be a corrective rise of the fall from near 9100 level in the index and hence trading this rise is not a high probability trade for us. We would of course change our view if the rally sustains 8600-50 levels.

## **WHAT TO DO TOMORROW?**

We had advised to go long on intraday basis in Nifty in this column in the previous edition of this newsletter and our advice remains the same – play the up move on intraday basis with lower volumes and wider stops to compensate for intraday volatility and choppiness.

## **NIFTY WATCH**

Stunning gains in the Nifty, Bank Nifty today marked a smooth session in the market. The Nifty rallied 1.81% picking up 1460 points in the process to turn the short term trend to sideways. Bank Nifty also gained 1.76 % with Nifty.

We had advised yesterday to book partial profits from your stop positions. If you had any short positions, these would have been closed when the Nifty touched and crossed 8450.

The short term trend is sideways now. The Nifty may be starting a process of base building. This process takes time, often goes through choppy movement. There may well be down days and sideways moves and of course, there are likely to be up days. All said and done, if the base is created, we may see an eventual breakout on the upside. The boundaries of this possible base will be visible in the next few days.

We are out of all our positions as of now but will look to buy if Nifty sustains above 8450 level.

### **Short Term**

Our outlook for the short term is neutral now and we are out of all our positions for this time frame. We wait for further conviction to emerge before making any commitment.

### **Intermediate Term**

We have been stopped out of our intermediate term bearish positions with Nifty closing well above our stop of 8450 in the cash index. We wait patiently for fresh signals to enter any positions now.

***STOCK MARKET – SPOT PRICE (NIFTY: 8501.35, SENSEX: 27,975.86)***



### TAKING A SWING TRADE

**ORIENT BANK (close at 225.70):** – We have given a trade on 19 March 2015 and the trade was to sell below 225 with a stop loss of 230 and a target of 215.

The next day (March 20), price opened at 226.25 with 0.50 points gap up but still near entry price. We were waiting for prices to come. Finally, at 10.00 AM, price crossed 225 and we went short there. On the same day, stock made a high of 229 and closed at 223. There was much of a volatility period throughout the day. Price did remain in a trading range for a while but after three days (March 25), our target was met at 220 near 03:30 PM. We gained almost 10 points in this trade.

We have also given three more trades on the same day. Trade was to buy in DIVISLAB and to sell in BATAINDIA and CESC. Trade did not execute in DIVISLAB whereas BATAINDIA, CESC had stopped out.

So we have stopped out from two stocks and achieved our target from one. Profitable ratio in a swing trading is 2:1. We should keep our stop loss closer to our entry price and target should be double from stop loss. Whenever a stock is bought, a tight stop loss should be placed below the purchased price. No matter what the reason for decline, each stock should be sold without hesitation if it drops down to or below this limit. Market is all about emotions but an intelligent trader should never get into that trap.

## METALS WATCH

METAL	CURRENT PATTERN (if any)	TIME FRAME	TRADE			PREVIOUS PATTERN	TIME FRAME
			ENTRY PRICE	STOP	TARGET		
<b>GOLD MINI</b>	No visible Pattern	EOD	NA	NA	NA	Resistance at 26600	EOD
<b>SILVER MINI</b>	No visible Pattern	EOD	NA	NA	NA	Resistance at 39000	EOD

**IT IS ABOUT BANKS! [Bank Nifty (Spot Price): 18380.80]**

A relief rally came today in Bank Nifty after six days of decline.

The sector has nothing to offer right now. Wait for some pattern to develop and then trade in the side of the trend.

Above the first resistance comes near 18800. A breakout above 18800 will give us buying opportunity. Traders should close all the short position and wait for new patterns to be developed.



#### IT WATCH [CNX IT (Future Price): 12180.80]

CNX IT traded very choppy and narrow today. The index had seen a breakdown below its support at 12000. On the very next day, prices opened above 12000 and now staying above to this support. IT Stocks are not giving any buying opportunity as of now. Intermediate and Short Term Trend is down in TCS and TECH M. Traders can look for a shorting opportunity in these two stocks. Avoid buying in this sector.



## SECTOR FOCUS [STEEL]

Trend is down in STEEL sector. Prices have seen a downside move and now trading near its previous low. We may see some choppy and range bound trading here. Since the whole market short term trend is down so we can look for a shorting opportunity in Steel Stocks. JSW STEEL is at the verge of breakdown from a narrow trading range. SAIL is consolidating at its bottom. TATA STEEL is making a pattern of lower highs and lower lows. Look for a shorting opportunity in these three stocks. JINDAL STEEL is trading inside a range. Avoid this stock for trading.



**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.

**ADANIENT – [Close (Spot Price): 618.50] – BUY**

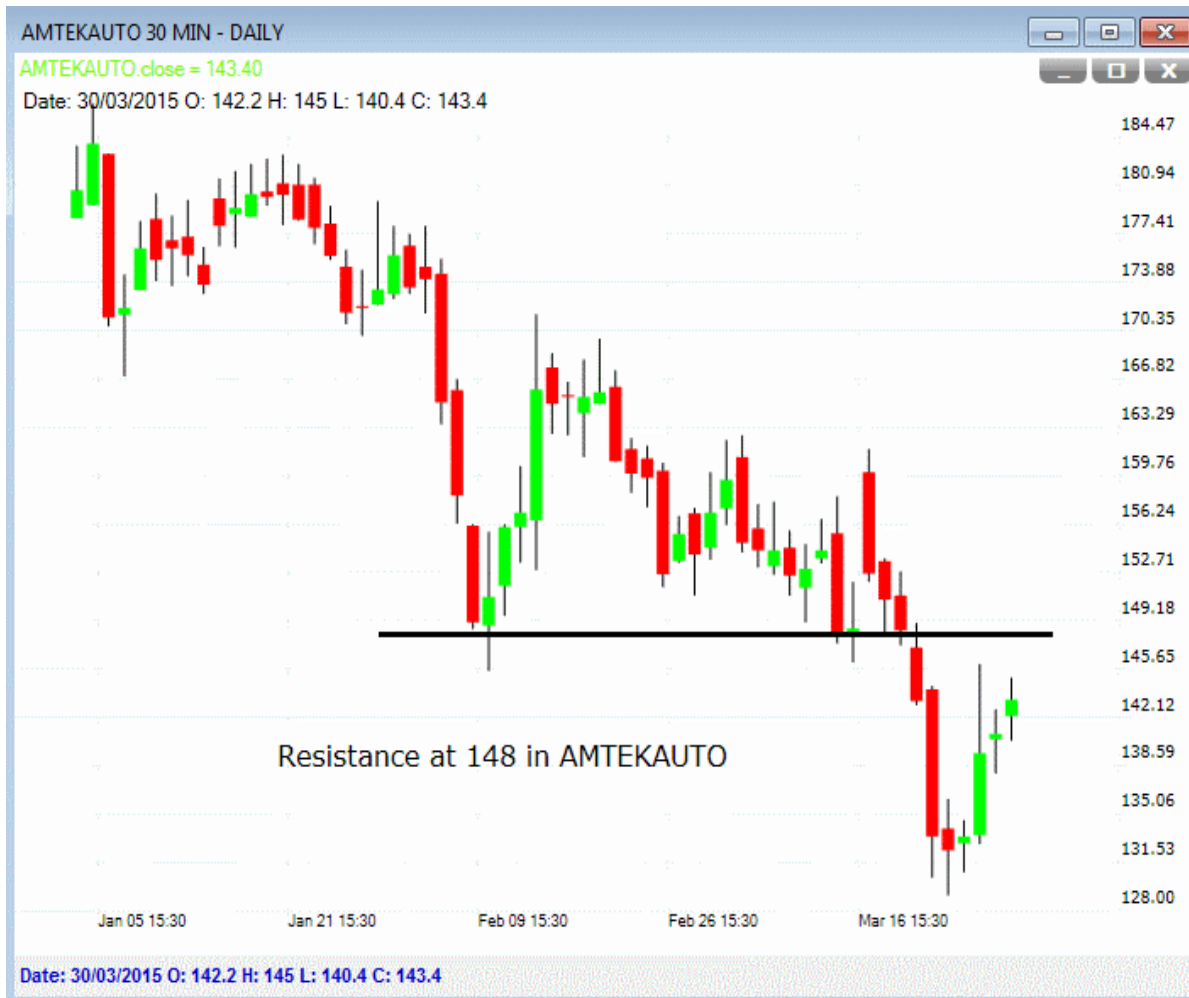
Short term Trend is now changing on upside in ADANIENT. Prices have seen a deep correction and then formed a trading range. Prices are now at the verge of breakout. Buy this stock above 625. If this trade executes then place your stop just below 610 with a target near 655.



**AMTEKAUTO – [Close (Spot Price): 143.40] – SELL**

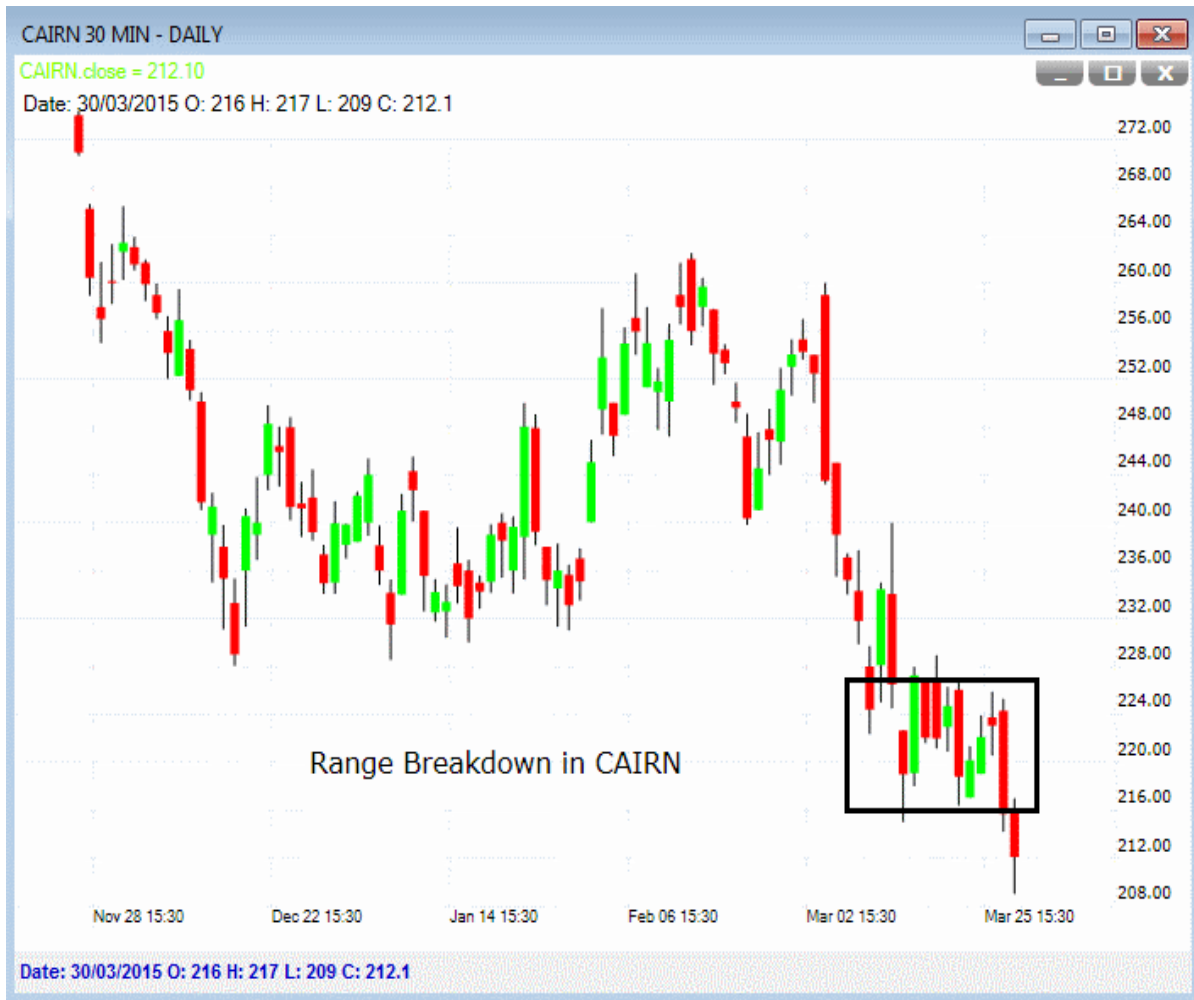
Trend is down in AMTEKAUTO. Prices have seen a sharp upside correction. Above the first resistance comes at 148. Prices may find resistance there. Sell this stock below 143. If this trade executes then place your stop just above 146 and a target near 137.





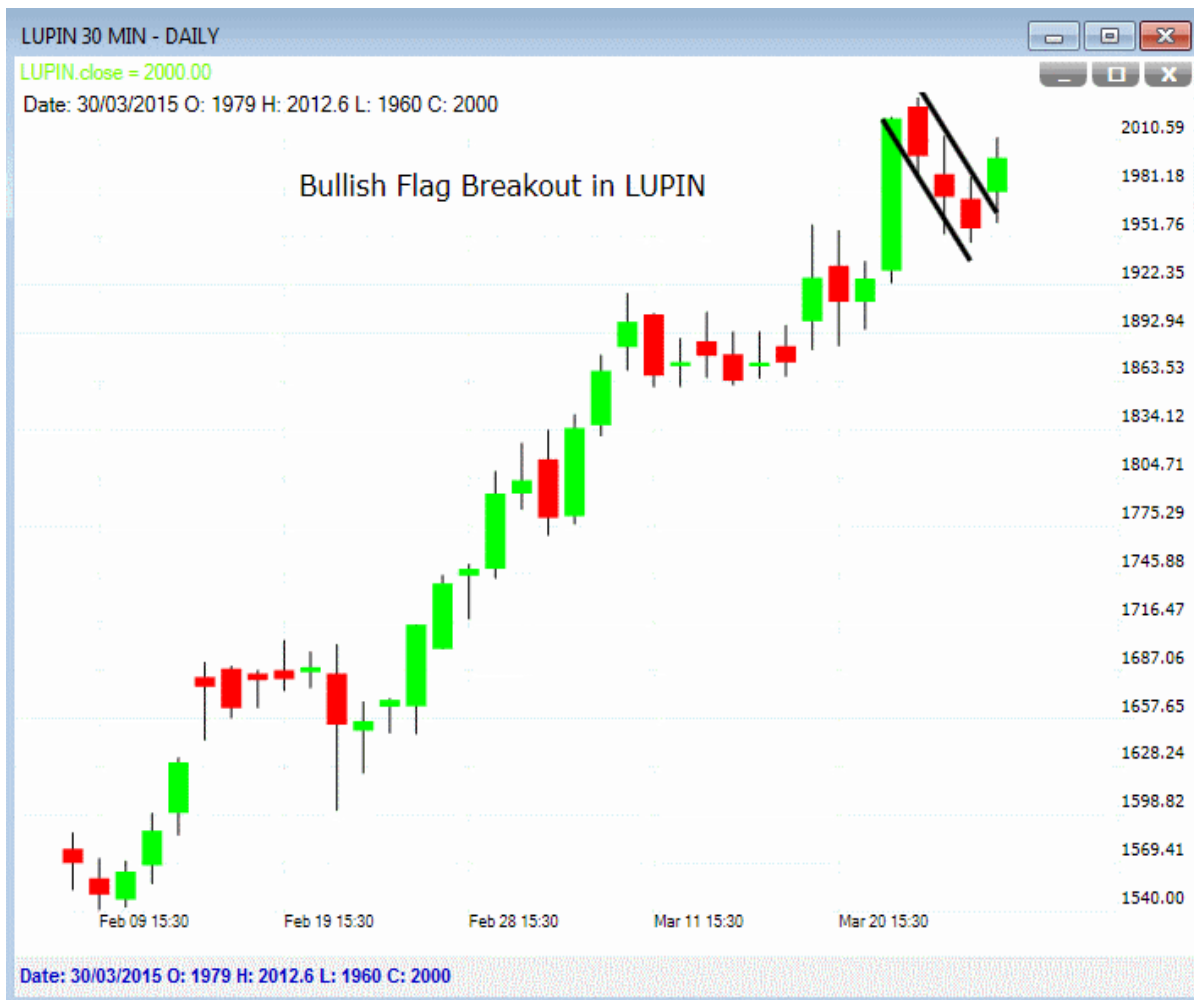
**CAIRN – [Close (Spot Price): 212.10] – SELL**

Intermediate and Short Term Trend is down in CAIRN. Prices have been trading inside a range. This range has broken on downside. We may see lower levels in this stock. Sell this stock below 210. If this trade executes then place your stop just above 213 and a target near 204.



**LUPIN – [Close (Spot Price): 2000] – BUY**

Trend is up in LUPIN. Prices have seen a sharp upside move and then started a correction. From the last three trading days prices have been closing downside. A pattern of Bullish Flag has been broken on upside. Buy this stock 2010. If this trade executes then place your stop just below 1980 with a target near 2070.



#### CURRENCY TRACKER

SCRIPT	CURRENT PATTERN (if any)	TIME FRAME	TRADE			PREVIOUS PATTERN	TIME FRAME
			ENTRY PRICE	STOP	TARGET		
GBPINR	Resistance at 94	EOD	NA	NA	NA	Trading range breaks up 92.10 – 93.40	EOD
USDINR	Support at 62.40	EOD	NA	NA	NA	NA	NA
EURINR	Resistance at 69	EOD	NA	NA	NA	Trading Range inside 66.20 – 67.50 Breaks upside	EOD

## Final Words

We are out of all our positions as of now but will look to buy if Nifty sustains above 8450 level.

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