



Markets drift lower

The week gone by saw the markets drifting lower. A minor pullback rally during the week helped to curb the losses. It was the second consecutive week of losses as the Sensex/Nifty ended 0.32/0.42% lower.

Technical state of the market

	Indicator Used/Pattern observed	Comments
Market Strength	Volumes, Market breadth	W-o-W volumes were lower on both the BSE/NSE, indicating that selling was not intense. Reflecting the negative sentiments, market breadth was negative in three out of the five trading sessions of the week.

Technical state of the market....contd.

	Indicator Used/Pattern observed	Comments
Trendiness	ADX, Moving averages	<p>The largely negative bias seen in the markets this week led to the Sensex/Nifty reacting from the 13-day SMA (Red line).</p> <p>The main indices nevertheless continue to remain well above the 50-day SMA (Green line), indicating that the intermediate uptrend is intact.</p> <p>The Sensex/Nifty are trading just above the 200-day EMA (Purple line), which is a crucial level to watch in the coming week.</p> <p>The Daily and Weekly ADX readings continue to remain in decline mode, indicating that no major trend is probably developing in the markets as at now.</p>
Volatility	Bollinger Band, Average True Range (ATR)	<p>The Sensex/Nifty have reacted from the mid-band of the 20-day Bollinger Band.</p> <p>This could act as a resistance for the main indices in the near term and possibly lead to a fall in the main indices till the lower bands at 16828/5101.</p>
Momentum	14 Day RSI, MACD, Stochastics	<p>Momentum has slowed down as the week gone by saw the 14-day RSI reacting from its 9-day EMA and sliding lower.</p> <p>The 14-week RSI too has declined in the last two weeks, which is not a healthy sign for the intermediate term.</p>

Outlook

With the main indices falling sharply on Friday and erasing a good portion of the pullback rally gains seen mid week, the downtrend that began last week looks set to continue. The downtrend was confirmed last week when the Sensex/Nifty broke below their previous lows of 17343/5257.

Technical indicators as reflected in the table above too are supporting a weak bias for the coming week. Crucial levels to watch in the coming week are at 17069/5163. These levels are crucial as they correspond not only to the immediate lows of the Sensex/Nifty, but the 200-day EMA also resides here.

A convincing close below the lows of 17069/5163 could see the Sensex/Nifty moving down further towards the next major supports at 16919-16815/5095-5048.

Here are the key levels to watch for the coming week;

Trading Strategy: Markets are trading with a weak bias as reflected by the technical indicators and price action. Avoid fresh longs till there are signs of sustainable strength. Build shorts if the immediate lows of 17069/5163 are broken.

Action Points	Sensex	Nifty	Action
Current Close	17158	5205	
Immediate Resistances	17275-17319	5239-5258	Close above 17319/5258 would give bulls upper hand.
Immediate Supports	17129-17069	5182-5163	Crucial supports as 200-day EMA resides here
Further Downsides	16919-16815	5095-5048	Intermediate supports.
Further Upside Targets	17563-17631	5334-5349	Previous intermediate highs of the Sensex/Nifty

Sectoral studies

Indices	Last close	W-o-W % Chg	ST/ IT/ LT trend	Comments	Stocks likely to outperform
Bse ConsDura	6388.15	2.53	ST & LT Up, IT Down	Uptrend will accelerate once 6419 is taken out. 14-day RSI is climbing.	Titan, TTK Prestige
Bse Healthcare	6989.04	0.84	ST, IT & LT up	At lifetime highs. STR at 6882.	Lupin, Divi's Lab
Bse FMCG	4937.80	0.57	ST, IT & LT up	At lifetime highs. STR at 4808.	
Bse Metal	10673.58	0.31	ST, IT & LT up	Uptrend will accelerate once 10780 is taken out. STR at 10390.	
Bse Oil/Gas	8026.52	-0.02	ST Up, IT & LT Down	Moving sideways between 7969-8105.	
Bse Sensex	17158.44	-0.32	ST Down, IT & LT Up		
Bse 500	6628.65	-0.52	ST Down, IT & LT Up		
Bse IT (See chart on next page)	5320.58	-0.75	ST, IT & LT Down	Downtrend will accelerate once lows of 5184 are broken	
Bse Small Cap	6675.35	-0.92	ST Down, IT and LT Up		
Bse Mid Cap	6184.10	-1.02	ST Down, IT and LT Up		
Bse Capital Goods	9942.05	-1.12	ST Down, IT and LT Up	Reacted from 13 and 50 day SMA. Could fall further in the ST.	
Bse Bankex (See chart on next page)	12042.03	-1.15	ST Down, IT and LT Up		
Bse Power	1933.40	-1.56	ST Down, IT and LT Up		
Bse Auto	9161.80	-1.59	IT Down, ST & LT up		
Bse Realty	1681.82	-2.52	ST Down, IT and LT Up		

ST = Short Term, IT = Intermediate Term, LT = Long Term, OB = Overbought, RSC = Relative Strength Comparative, STR = Short Term Reversal Level, SMA = Simple Moving Average

BSE Capital Goods Index Daily chart

BSE IT [B999905] 5325.47, 5337.17, 5294.23, 5320.58, 157503872 -0.09%
 Price Avg(S,13) Avg(S,50) Avg(E,200)



Source : www.SpiderSoftwareIndia.Com

RSI(14,E,9)

'11:D '12:J F M A M J J Dly

BSE Bankex Index Daily chart

BSE BANKEX [B999912] 12171.93, 12186.98, 12020.06, 12042.03, 157503872 -1.28%
 Price Avg(S,13) Avg(S,50) Avg(E,200)



Source : www.SpiderSoftwareIndia.Com

RSI(14,E,9)

'12:A M J J Dly

Stock Pick – Short IDBI

IDBI [N1476] 94.00, 95.50, 92.40, 92.65, 1145841 -1.28%
 Price Avg(S,13) Avg(S,50) Avg(E,200)



- ❑ IDBI has been continuously making lower tops and lower bottoms for the last two weeks.
- ❑ While the falls during this period have been accompanied with higher volumes, pullback rallies have witnessed lower volumes. This indicates that the bears are in control.
- ❑ Technical indicators are giving weak signals as the stock trades below the 13-day SMA. Momentum readings like the 14-day RSI too are in decline mode and below its 9-day EMA
- ❑ We recommend a short and our entry levels are between ` 92.5-93.0. Stop loss is at ` 95.0, while downside targets are at ` 87.50. CMP is ` 92.65. Holding period is 2-5 days.

Note: Once the market opens for trade, the analyst will review it and decide to give the call through an internal mail/SMS at the same or different levels of entry, target and stop loss or not give the call at all. Clients could get in touch with the analyst through their designated dealers to check about this.

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