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Market Watch

02:47 PM | 20 Nov

SENSEX

20,832.75  -58.07

NIFTY

6,185.45  -17.90

Gold (MCX) (Rs/10g.)

30,422.0  109.0

USD/INR

62.52  0.16VIEW MARKET DASHBOARD 

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Bull party is over; sell Nifty on rallies

Nov 11, 2013, 06.06AM IST

Tags: Reliance communications | nifty | Mazhar Mohammad | ICICI bank | Hero Motors | bear market

By Mazhar Mohammad

MUMBAI: Last week, based on the technical evidence, we categorically concluded that the upmove will not last long and shall fizzle out close to 6,350 levels. As expected, the markets lost the momentum after registering a peak of 6,343 on Diwali day and shed around 200 points from the top of 6,343 in the truncated week.

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The big bear candle on weekly charts is accompanied by sell signal on momentum oscillators. Logical targets for this downswing are placed at 5,875. However, the rally which started from the lows of 5,118 in the form of Zig Zag appears to have culminated at a high of 6,343 which has pattern implications of 60 - 80 per cent retracement level in neo wave terms.

Hence, if this entire up-move is getting retraced then we can project 5,585 on **NIFTY** in the due course of time. Besides, at one higher degree, the market behaviour since February 2013 appears to be unfolding in the form of an expanding triangle.

If the said ZigZag which was concluded at the top of 6,343 is part of said triangle in the form of 4th leg then the current downswing shall be considered as 5th leg which has the potentiality of taking Nifty back to below 5,118 levels.

This kind of market behaviour can't be ruled out as the last leg of up-move from the lows of 5,118 is pretty much looking like a part of the larger **bear market** which is still in progress from the top of 2008. We may or may not see these kinds of levels but traders are advised to keep this option open as charts evolve only over a period of time.

However, for the immediate week, things are looking slightly positive as this 4 day consecutive sell-off has pushed indices into over sold territory from where a pull-back rally can be expected.

Hence in the first two trading sessions of the week markets may consolidate in a sideways range with a positive bias before registering a pull-back rally which shall ideally peter out around 6,258 or in the zone of 6,288 - 6,311.

This rally shall be utilised to exit long positions and create fresh shorts on the market. The support for Monday can be expected around 6,120. Our bearish view shall get negated only when Nifty decisively breakout above the 2008 peak of 6,357.

We like following stock specific ideas for the week:

Hero Motors:

For several trading sessions, this counter is moving in a large range of Rs 2,100 - 1,980. Last six trading sessions witnessed a very narrow range bound move in this scrip suggesting weakening momentum at higher range of the band in which it is consolidating. Any rally above Rs 2,100 shall be utilised to short this scrip for a target of Rs 1,980 with a stoploss placed above Rs 2,130 on closing basis.

After retracing 62 per cent of its last leg of rise from Rs 402, this counter approached its daily trendline support which has multiple touch points and which may prop it up as it did in the past. In that scenario this counter has potentiality to target Rs 452 - 460 kinds of levels. Hence one can buy it for said targets with a stop loss below Rs 423 on closing basis.

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ICICI Bank:

This counter registered a Doji formation on Japanese Candlestick Charts after retracing 62 per cent of its last leg of rise on shorter time frame charts. Besides a Daily Trend line support is also placed close to last trading session's low of Rs 1,041 from where a quick bounce can be expected which may take the scrip initially towards Rs 1,091 in couple of trading sessions. Hence one can buy this counter for the said target with a stop loss below Rs 1,041 on closing basis.

Reliance Communication:

This scrip appears to be making a channelled move for last couple of weeks and approached lower boundary of the said channel from where, based on last trading sessions intraday behaviour, a bounce can be expected which may take the stock close to Rs 148 in few trading sessions. Hence, it merits a buy with a stop below Rs 137 on closing basis for a target of Rs 148.

NOTES:

1. *Prices mentioned above are from NSE Cash segment.*
2. *All recommendations are positional trades requiring minimum 2 - 3 weeks from the date of execution*
3. *Recommendations are made purely on the basis of technical research studies and readers are requested to consult their own financial advisors before acting as analyst will not be in touch to communicate any adverse and unexpected technical developments on the charts.*

(The Analyst is Technical Research Strategist, Chartviewindia.in)



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chogal9 (Dungu)

11 Nov, 2013 11:46 AM

Once again a story planted by speculators who wants to short.

Bangalorewala (Bangalore)

11 Nov, 2013 10:38 AM

The party will continue.

Sunil Shaw (kolkata)

11 Nov, 2013 08:21 AM

not so soon, my dear.

subramanian ramaswamyier (chennai)

11 Nov, 2013 06:17 AM

only then biggies make money.

Iyer (India)

11 Nov, 2013 03:20 AM

Excellent. Feature more of this gentleman, please, ET.

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