

## Markets - Overview



### NIFTY INDEX (5098.35)

The NSE Nifty Index has been in a continuous downtrend for the past one year. The hawkish stance taken by RBI raising interest rates aggressively throughout the year to tame spiraling inflation and slow down in the economy evident through the poor IIP numbers resulted in a selloff in the equity markets in India. On the Global front the downgrade of US debt by rating agency S&P triggered a selloff in risky assets bringing down the stock indices across the globe to yearly lows. Weak economic data in US and Europe, and debt crisis in Europe raise doubts of a double dip recession in the Western economies.

The Index reversed from its November 2010 highs of 6338.50 and is in a long term downtrend. However the Index managed to trade in the range of 5300-5800 for a major part of the year but the selloff in the global markets in July resulted in the Index plummeting down to yearly lows. The Index registered a yearly low of 4720 in August and is now consolidating in the range of 4700-5200 for the past couple of months.

There is a lot of indecisiveness and uncertainty in the markets at the current scenario. The direction of the Nifty Index in the short term would solely depend on how things shape up in the Western economies in the near future. Expect the Index to trade in a broad trading range in the coming months. Immediate resistance for the Index is at the 5170-5230 levels. Technically the gap created around the 5230-5350 levels in August needs to be filled for the medium trend of the Index to turn positive. A convincing move past 5350 could take the Index higher towards the 5800 levels. Failure to move past 5350 could trigger another round of sell off in the markets bringing the Index back to 4700 levels. The 4700 levels is a major support level for the Index on the downside and break down below this level could turn the long term trend overtly negative for the Index.

## Technical Picks

**BHARTIARTL: BUY(383.00)**



The stock has been trading in a long continuous uptrend from March and registered a yearly high of 447 in August. For the past three months the stock witnessed a corrective phase reversing from its highs. However it has done well to recover from its recent lows breaking out of the downward sloping trend channel. The channel reflects a target of 430 for the stock in the next three months. Oscillators on the daily charts are slowly rolling over into the positive territory. Expect the stock to find significant support around the 340 levels. We recommend accumulating the stock at current levels and on dips for a target of 430 and 465 in the two to three months.

## HDFCBANK: BUY (484.35)



The stock is trading in a continuous uptrend for the past ten months keeping the long term trend line intact. After registering a high of 519 in July the stock slipped into a corrective phase and recorded a near term low of 438. However it has recovered sharply from its lows and is in a short term uptrend. The double bottom formation on the daily charts of the stock reflects a target of 550 for the stock in the next few months. Oscillators on the daily charts of the stock have rolled bullish and we expect the stock to move higher from current levels. The stock has significant support around the 440 levels. We recommend accumulating the stock at current levels for a target of 550 in the next three to four months.

ITC: BUY (206.95)



The stock has been trading in a constant uptrend and is trading near to its yearly highs. Oscillators on the daily and weekly charts reflect a bullish momentum to continue for the stock in the near term. Expect the bullish momentum to continue for the stock in the coming months. The stock is trading above its key 50 EMA depicting a positive bias. The stock has major support around the 190 levels. We recommend buying the stock at current levels and on dips for a target of 228 in the next three to four months.

**PETRONET: BUY (162.50)**



The stock has been trading in a continuous uptrend for the past eight months. The stock has corrected from its highs of 185 for the past couple of months and is consolidating around the 160 levels. Currently the stock is trading around the lower end of the long term upward sloping channel. Oscillators on the daily charts of the stock are hovering around the neutral zone. We expect the stock to find major support around the 150 levels on the downside. We recommend buying the stock at current levels for a target of 190 in the next few months.

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