

ABSTRACT

NIFTY GETS AN UP DAY; MARKETS IN FLUX, NO CLEAR SENSE OF TREND; GO LONG ABOVE 8900 IN THE NIFTY; BANK NIFTY IS A BUY ABOVE 19500.

Bank Nifty saw an up move today and closed at its day high. Support comes at 18500 whereas resistance comes at 19500. Look for a short selling in PSU Banks. CNX IT has seen a down move today and closed lower. A short term resistance is now visible near 12550. We should avoid trading in this sector.

We have COPPER in METAL SECTION. Short Term Trend is sideways and prices are trading inside a range 364 – 376. We have PHARMA in Sector Focus. Trend is up in this sector. We will discuss the current scenario of PHARMA Stocks. Stock in focus includes AMBUJACEM, HEROMOTOCO, JSW ENERGY and MIND TREE. For each of these stocks, we analyse their technical picture; identify trades with stop loss and targets. At the end, we will discuss USD INR in Currency Tracker Section.

MARKETS TODAY

A volatile day in the market ends where Nifty opened with a gap up of nearly 56 points at 8689.10. It went up higher in early stages then slowly but steadily started to move down to touch a low of 8630.80. Then a sudden upside movement in the last hour took Nifty to the day's high at 8742.55. It just came down a little bit in last fifteen minutes and closed at 8723.30 with a gain of 90.15 points. Overall Nifty traded in a wide range of 112 points. Among the major indices, CNX PHARMA (1.89%), CNX FMCG (1.38%), and CNX BANK (1.17%) outperformed while CNX IT closed with a minor loss. Market breadth was positive today with 653 advancing and 554 declining stocks on the NSE.

TRADING

It was a day of extreme volatility with wild swings of a percent or more seen in Nifty during the session. Both bulls and bears tried their best to wrest control of the market from the other group and from intraday perspective its bulls who have won the first round by managing to close the market at the upper end of day's range with a 1% gain.

Today's rally has not changed much on the daily charts. Chances are that Nifty may trade in a range with 8650-8600 as supports and on the upside the index may face resistances in the 8750-80 region and above that at 8850.

What to Do Tomorrow?

In yesterday's edition of this newsletter we had expressed the possibility of a relief rally and had advised to sell into that intraday rally. Also we are advising to trading on day to day basis at least till Thursday when the markets will have the outcome of FOMC meeting. We still advise to look for shorting opportunities but with lower than normal volumes and proper stops.

ACTIVE INVESTING

Just relax!

NIFTY WATCH

A correction started on March 4, when the Nifty opened gap up, then fell dramatically. Since then the Index has fallen 500 points from High (on March 4) to Low (on March 16). This is about 5%. It is possible that a decline that occurred from Wednesday, March 4, will be just a short correction. We do not know. What we have to do as traders is to maintain a procedure for trading, taking positions. We will be buyers once the Nifty crosses 8900. If traders took short positions on today's rally, say around 8680, their stop is 8800.

The Larger View

It does appear that the Markets is now topping out. Rallies are faced with selling, while declines are accompanied by large range days. Not so good!

It may be quite possible that a Market top has been made at 9119 on March 4. If the Nifty were to go above this top, the rally may be short lived, more like a final thrust rather than a new uptrend.

Traders must take profits on mid caps. Core holdings should be retained, since we are in a long term bull market, with corrections just a part of the ongoing up move.

Sharp volatile movements are usually not the start of bull trend. Bullish moves occur after base building, and, many narrow range days. Therefore, we do not have to be overtly bullish for now. Our trend view will change but commitments of large positions will be made only on breakouts after some consolidation.

Short Term

For Short Term traders any short positions should be closed if the Nifty crosses 8780. Fresh long positions may be taken above 8900, but take it easy. Volumes should be much lower than normal.

Intermediate Term

For intermediate traders, hold on to the short position with a stop loss of 8850. Nifty hold above 8600 support so no further short positions should be added till the prices stay between these levels. A break below 8600 will be a reason to add to short positions.

STOCK MARKET – SPOT PRICE (NIFTY: 8722.35, SENSEX: 28,736.38)



TAKING A SWING TRADE

Explanation of quality trading

We had suggested four trades in our newsletter dated 5 March 2015. The trade was to go long in BHARATFORGE, COLPAL, DIVISLAB, and short in NMDC. We have stopped out from BHARATFORGE, DIVISLAB, and trade executed in COLPAL, NMDC but we are still waiting for our target to come as prices were trading below our entry point.

Many traders make a mistake of trading in every market environment, truth is better not to trade at times. Sometimes market are too choppy and erratic to trade with any accuracy, in these times traders tend to give back all their recent profits.

When such situation persists wherein trades usually do not execute, and if most of them end up losing money then it is an indication of choppy market. The best thing to do in such an unfavorable environment is to sit on the sideline.

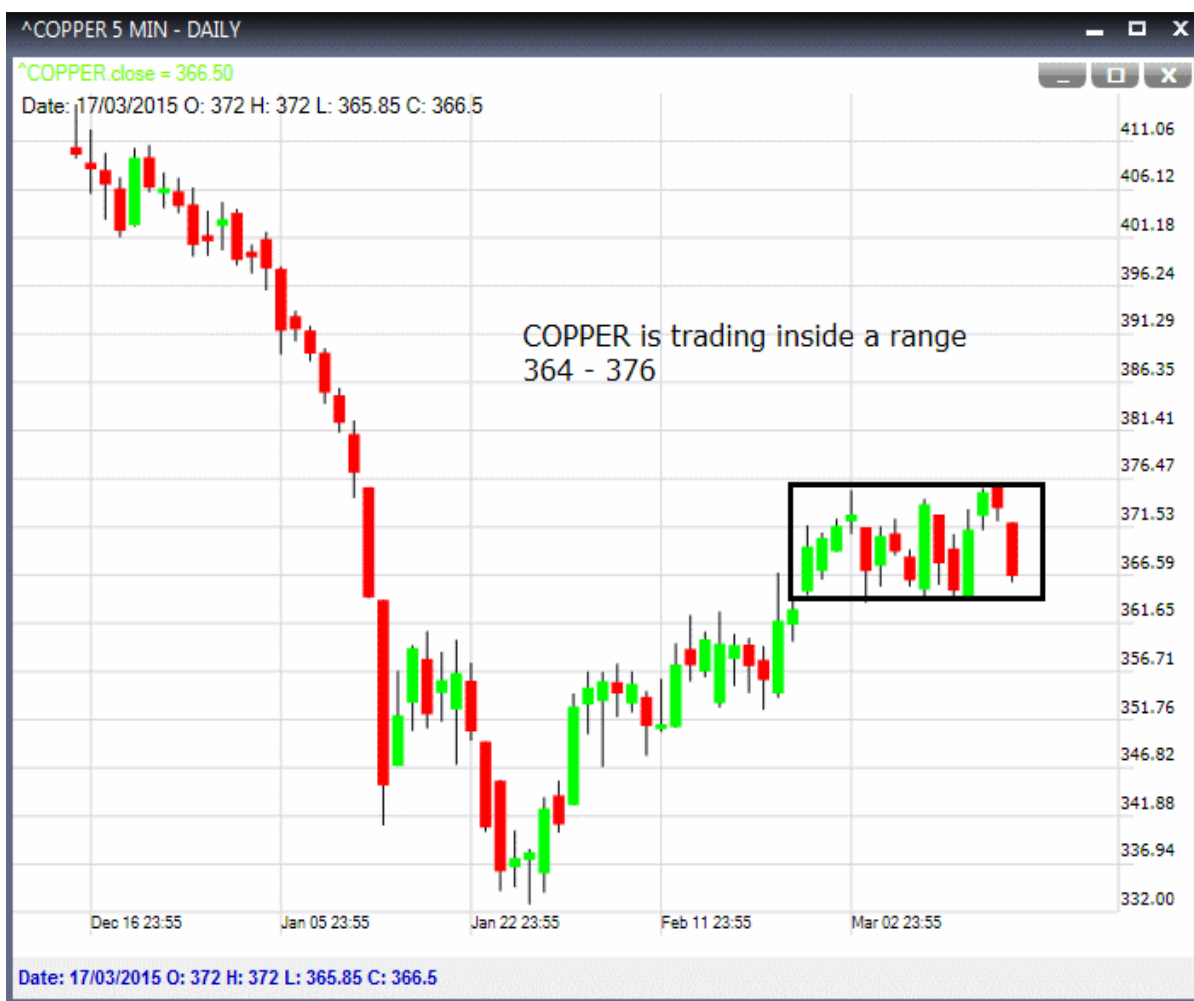
Good trading, no matter what it has based on (technical, fundamental, news based...) requires a certain level of discipline and patience, which goes against human nature. Discipline is in cutting losses when trade moves against us and sitting patiently with cash when we are running short of trading opportunities.

Whenever prices move against us, the first and foremost thing is to sell and get out rather than fighting the tape. Therefore, you take the first loss and move on to hunt for new opportunities. The opportunities will come consistently in the market when you invest with the trend of the market. If trend is sideways then wait for the breakout and trade according to the trend of the market.

METALS [COPPER (Future Price): 366.50]

Industrial:

Short-term trend is sideways in COPPER. Prices are trading inside a range 364 – 376. We have been long in this instrument @ 360. Traders should close that trade as prices are range bound. A breakout from the range 364 – 376 may give us another trading opportunity in this instrument. Buy above 376 or sell below 364 (whichever comes first). Place your stop at 370 for both side. If trade executes on long side then your target will be at 382 but if trade executes on short side then your target will be at 352. Follow your stop and target.



IT IS ABOUT BANKS! [Bank Nifty (Spot Price): 19086.40]

Bank Nifty traded very choppy today. Prices have seen lots of up's and down's today but at the end it closed above 19000 near its day highs. Short term trend is down in Bank Nifty. Support comes at 18500 whereas resistance comes

at 19500. A close above the resistance will give us a buying opportunity in Bank Nifty. As of now, PSU Banks are underperforming the banking sector and giving us a shorting opportunity.



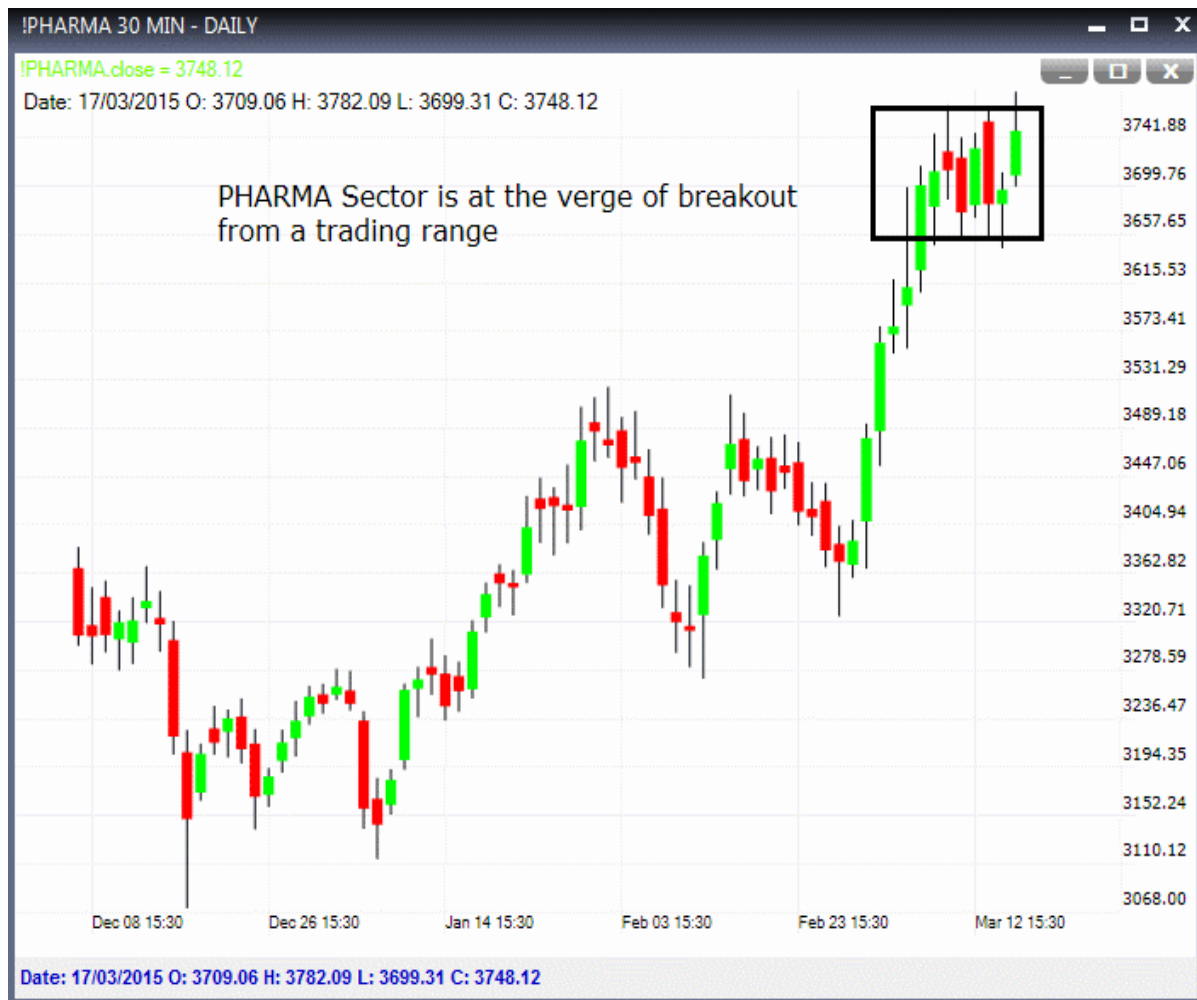
IT WATCH [CNX IT (Future Price): 12400.45]

CNX IT has seen a down move today and closed lower. Intermediate trend is sideways whereas Short term trend is down in this sector. A short term resistance is now visible near 12550. A close above this resistance will indicate that the short term trend is now changing to up. This will also give us a buying opportunity in IT Stocks. As of now view is not very clear and we should avoid trading in this sector.



SECTOR FOCUS [PHARMA]

Trend is up in PHARMA Sector. Prices have seen an upside rally. From last few trading days, the sector was trading inside a range. The sector is at the verge of breakout from this range. We should look for a buying opportunity in Pharma Stocks. Rally in this sector may continue for some more time. As of now, WOCKPHARMA and AUROPHARMA are outperforming the Pharma Sector. LUPIN and SUNPHARMA is trading inside a narrow range. CIPLA, DRREDDY and DIVISLAB are coming out from a consolidation. Look for a buying opportunity in all the above Pharma stocks. Avoid taking swing trades in GLENMARK and BIOCON.



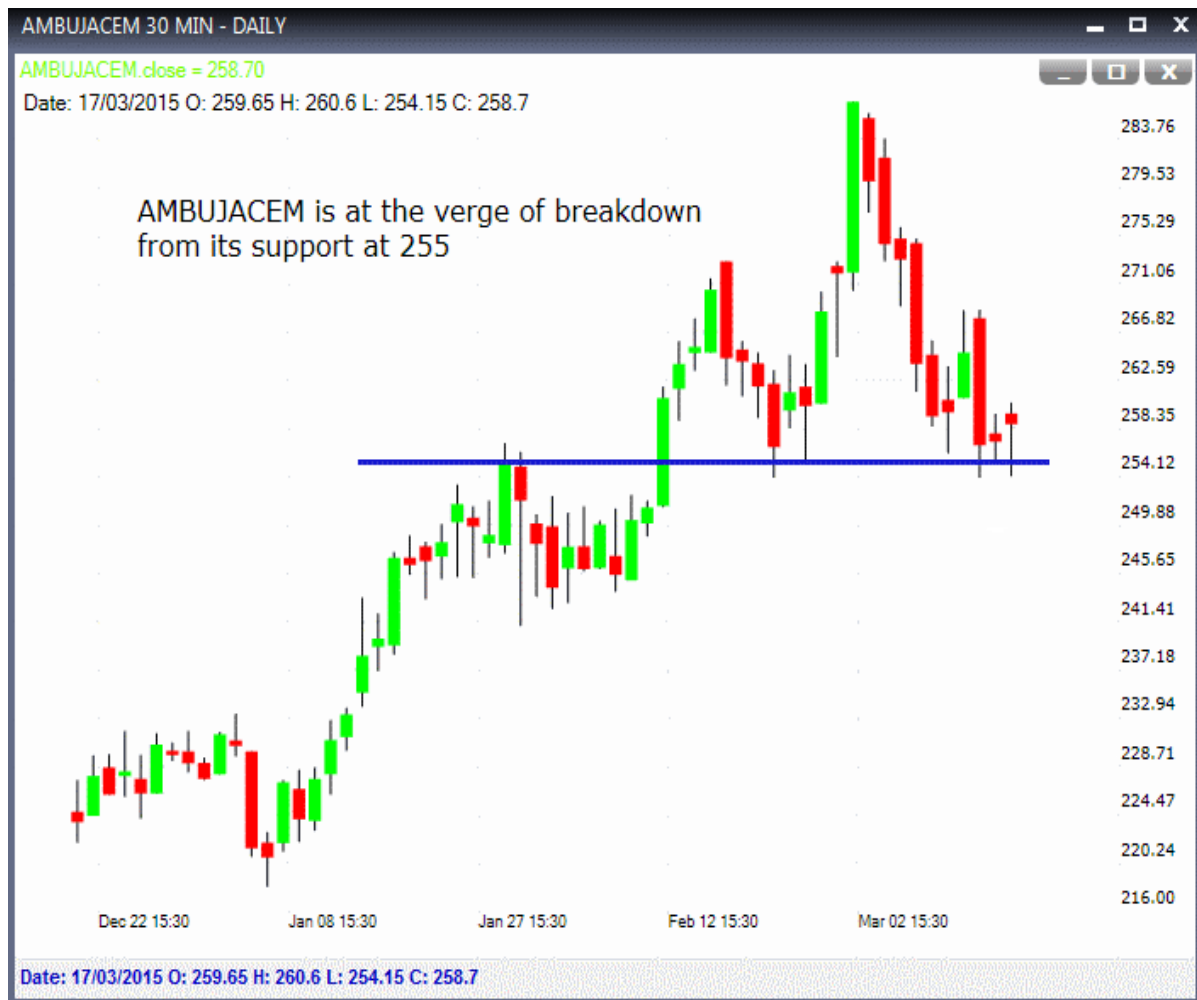
SWING TRADES

"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.

AMBUJACEM – [Close (Spot Price): 258.70] – SELL

Short Term Trend is down in AMBUJACEM. Prices have seen a sharp fall and now trading near its support at 255. A breakdown may give us a shorting opportunity. Sell this stock below 255. If this trade executes then place your stop just above 258 with a target near 249.



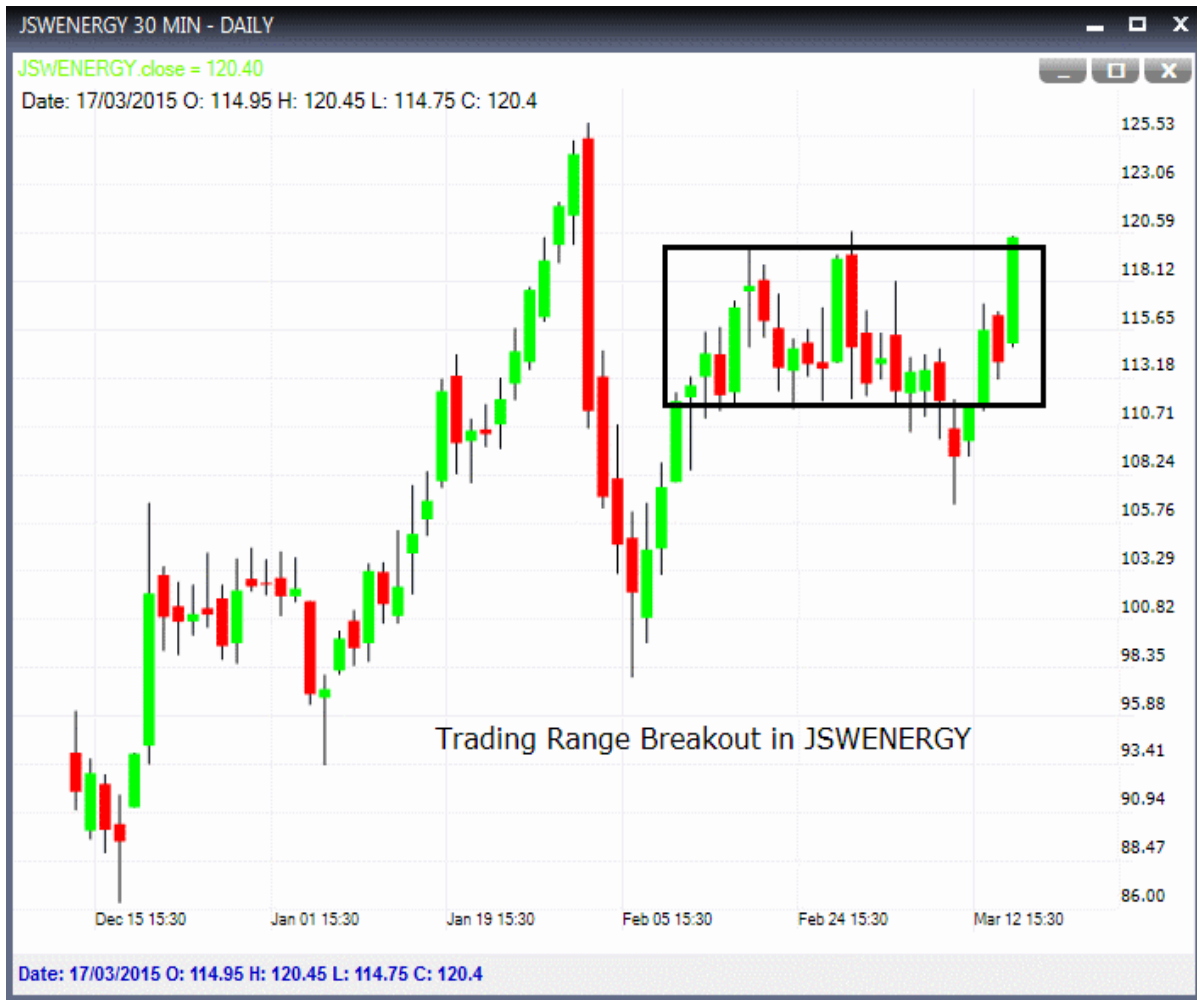
HEROMOTOCO – [Close (Spot Price): 2652] – BUY

Short Term Trend is now sideways in HEROMOTOCO. Prices have seen a decline and now consolidating inside a range 2590 – 2675. Prices are now moving toward the resistance. We may see a breakout. Buy this stock above 2670. If this trade executes then place your stop just below 2640 and a target near 2730.



JSWENERGY – [Close (Spot Price): 120.40] – BUY

Short Term Trend is now up in JSWENERGY. Prices have been trading inside a range from last one month. That range has seen a breakout today. The rally may continue in this stock. Buy this stock above 121. If this trade executes then place your stop just below 119 and a target near 125.



MINDTREE – [Close (Spot Price): 1416] – BUY

Short Term Trend is sideways in MINDTREE. Prices have been sharp and sudden decline and then started trading narrow. Prices have find resistance at 1425 and now at the verge of breakout from this resistance. Buy this stock above 1425. If this trade executes then place your stop just below 1400 and a target near 1475.



CURRENCY TRACKER: [USD INR (Future Price): 62.91]

Short term trend is up in USD INR. We have been long in this instrument @ 62.60 with a stop at 62.30 and a target near 63.20. Prices have met with our target so we are out from this trade. We have gained almost 0.60 points from this trade. Prices have seen a rally and now trading choppy and volatile. We may see a trading range at current levels. As of now, we should avoid trading in this instrument.



Final Words

What we have to do as traders is to maintain a procedure for trading, taking positions. We will be buyers once the Nifty crosses 8900. If traders took short positions on today's rally, say around 8680, their stop is 8800.

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