

## **ABSTRACT**

**NIFTY GOES INTO A NARROW TRADING RANGE; INDEX MAY BE GETTING READY FOR A STRONG TRENDING MOVE; BUY ABOVE 8740, SELL BELOW 8620; INSIDE THE RANGE, TRADING MAY BE CHOPPY.**

Bank Nifty traded choppy today. The index closed near its open. Prices are trading range bound. Sooner we may see a directional move. CNX IT has seen a down move today and closed lower. Support comes near 12000 and resistance comes at 12550. The index is trading range bound. We should avoid trading in this sector.

*We are not carrying METALS and CURRENCY TRACKER in today's newsletter.*

We have POWER in Sector Focus. Trend is down in this sector. We will discuss the current scenario of POWER Stocks. Stock in focus includes CROMP GREAV, JUBLFOOD, MARUTI and SKS MICRO. For each of these stocks, we analyse their technical picture; identify trades with stop loss and targets.

## **MARKETS TODAY**

Nifty started the session with a gap up of 19 points at 8895.50. It made a high of 8747.25 in early ticks and gave a sense of upside movement. However, after making an acceptable start by Nifty, it started trading choppy and volatile and a decline took nifty to the day's low at 8664. Nifty could not recover much from that decline and closed in the red bar at 8685.90 with a loss of 37.40 points. Market traded in a moderate range of 83 points. Among the major indices, CNX Bank closed with minor gains; while CNX IT (-0.86%) and CNX FMCG (-0.71%) underperformed for the market. Advance/decline ratio was in favour of declining stocks with 513 advancing and 664 declining stocks on NSE.

## **TRADING**

Today was again a day of choppy trading though the range was narrow and volatility inside was less than that of yesterday. The fact that Nifty opened and traded near the high of the day in initial trade and then closed the session near the day's low makes the intraday price action bearish but only mildly so as it lost less than a percent only.

On the daily charts Nifty is stuck in a range roughly between 8600-8620 on the downside and 8750-8800 on the upside. A breakout either up or down from this trading range may give a sustained trend on the side of that breakout. Hopefully the index won't test much of the 'patience' of traders as we would be aware by tomorrow whether the US Fed is 'patient' or not in keeping the loose monetary policy. 'Patience' has always been a virtue for traders especially so when markets are in sideways range even before the financial media hyped it.

Notwithstanding this Fed event our outlook for the markets is leaning on the bearish side as the weight of evidence as of now is shifting towards downside as suggested by pattern of lower tops and lower bottoms on the hourly charts and that the index is trading below key short term moving averages.

## **WHAT TO DO TOMORROW?**

As explained above a breakout from the range between 8600-8620 and 8750-8800 will be a trading opportunity in the direction of the breakout with the other end of the range as stop for your positions. Be extra cautious if it is a breakout above 8750-8800 as recent 2 gap breaks had failed.

## **ACTIVE INVESTING**

Suzlon has finally move up today after a large trading range. The stock is now a long term buying opportunity.

## **NIFTY WATCH**

A small trading range is visible with support at 8620 and resistance around 8740. We will get the opportunity to trade if price breaks this range on upside or downside.

A breakdown below 8620 will be a short selling opportunity, with some volume taken on the breakdown and some added on a rally. On the other side a breakout above 8740 will provide us a buying opportunity. There is a news event going on with the U.S. FEDERAL RESERVE making an announcement of its meeting tonight. So wait for tomorrow and then trade accordingly. It will be interesting from the medium term perspective to see whether markets hold the current support area or break through it. Medium term trend will turn down below 8600 and we should look for shorts if Nifty sustains below this level.

### **Short Term**

We remain bearish for the short term and advise traders to hold their short positions with the 8750 stop level.

### **Intermediate Term**

We are bearish for the intermediate term too and advise traders to hold their short positions, if any, with a revised stop just above the 8750 level in the cash index. (on a closing basis).

***STOCK MARKET – SPOT PRICE (NIFTY: 8680.90, SENSEX: 28,622.12)***



## TAKING A SWING TRADE

### *Swing Trading Strategies*

We had suggested four trades in our newsletter on ninth march 2015. Trade was to go long in CIPLA, M&MFIN and short in TITAN, ZEEL. Interesting to see that three of our trades did not executed namely CIPLA, TITAN, and ZEEL. We have stopped out from M&MFIN. The fact is trade did not execute in both short and long side of the market. This reflects the market is choppy and volatile. In this market, we never know where the market will move because of its volatile nature. Therefore, we should avoid this market as much as possible.

As a swing trader, rolling with the swings of your investments, it's important that you have a set of tried-and-true swing trading strategies. Playing on the upswing and the downswing, your trades will last anywhere from one day to several weeks (and possibly longer if the trade is working).

Just as people differ, swing-trading strategies differ—there isn't one "correct" way to go about it. Every trader has his or her preferred methods and strategies. If you're trying to decide which techniques will work best for your investments, consider the following swing trading strategies.

Follow the price action and use technical analysis. These techniques are standard for most all swing traders. Your analysis will help you determine which stock or ETF to trade.

Don't get caught up in the company. Unlike a lot of long-term investors, swing traders typically aren't concerned with the fundamentals of a stock. They don't spend time getting to know the company, learning what the company does, who owns the company, who the CEO is, the intrinsic value, the news, etc. However, earnings reports will still be important and remember that the news does affect investor sentiment and can change the price action.

Work with the trends. Swing traders traditionally choose to follow the trends and embrace them (i.e., a bull trend bar in a bull market and a bear trend bar in a downward market).

Use a T-Line trading strategy. Identify the T-Line and use it to make informed trading decisions. If a stock closes above the T-Line, there is a greater probability price will continue to rise. Likewise, in a downtrend, if a stock closes below the T-Line, it will probably continue to fall. This technique works well with most trading plans and investment strategies.

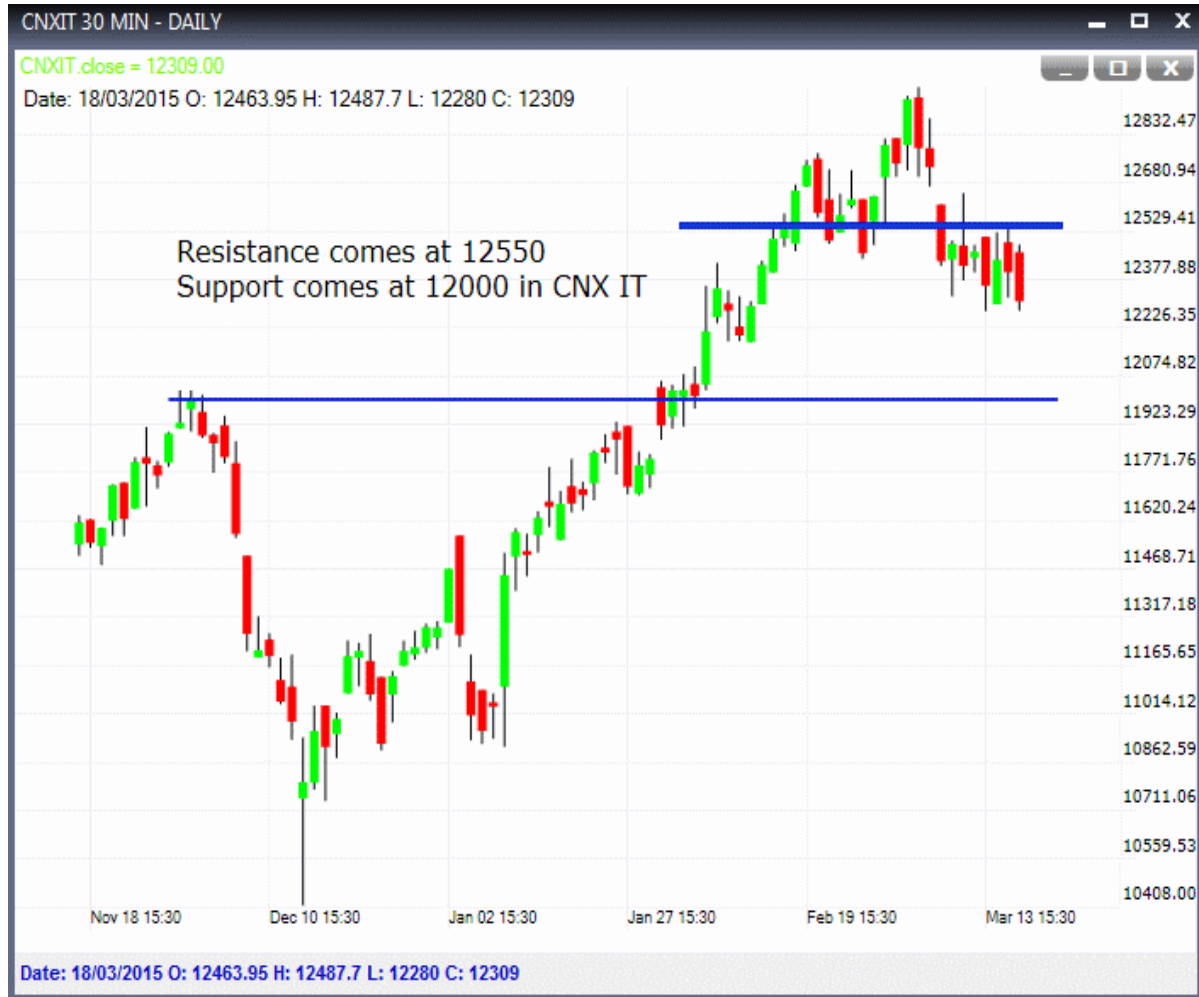
### IT IS ABOUT BANKS! [Bank Nifty (Spot Price): 19111.20]

Bank Nifty traded very choppy today. Prices have closed near its day open. Short term trend is down in Bank Nifty. Support comes at 18500 whereas resistance comes at 19500. The index is trading range bound. A breakout in either direction may decide the next move in this sector.



### IT WATCH [CNX IT (Future Price): 12309]

Decline continues in CNX IT. The index moved lower today and closed near 12300. Support comes at 12000 whereas resistance comes at 12550. A closed above the resistance will give us a buying opportunity whereas a breakdown below the support will give us a shorting opportunity. As far prices trading inside this range, we should avoid trading in this sector.



### SECTOR FOCUS [POWER]

Down Trend continues in POWER Sector. Prices have seen a big decline and find support at lower levels. Prices have started a process of consolidation there. We may see a range bound trading in POWER Sector. Power Stocks are not for swing trade. Look for an investing opportunity in this sector with a long term view (more than a year). Traders should give preference to ADANIPOWER, R POWER, TATA POWER and NTPC in this sector.



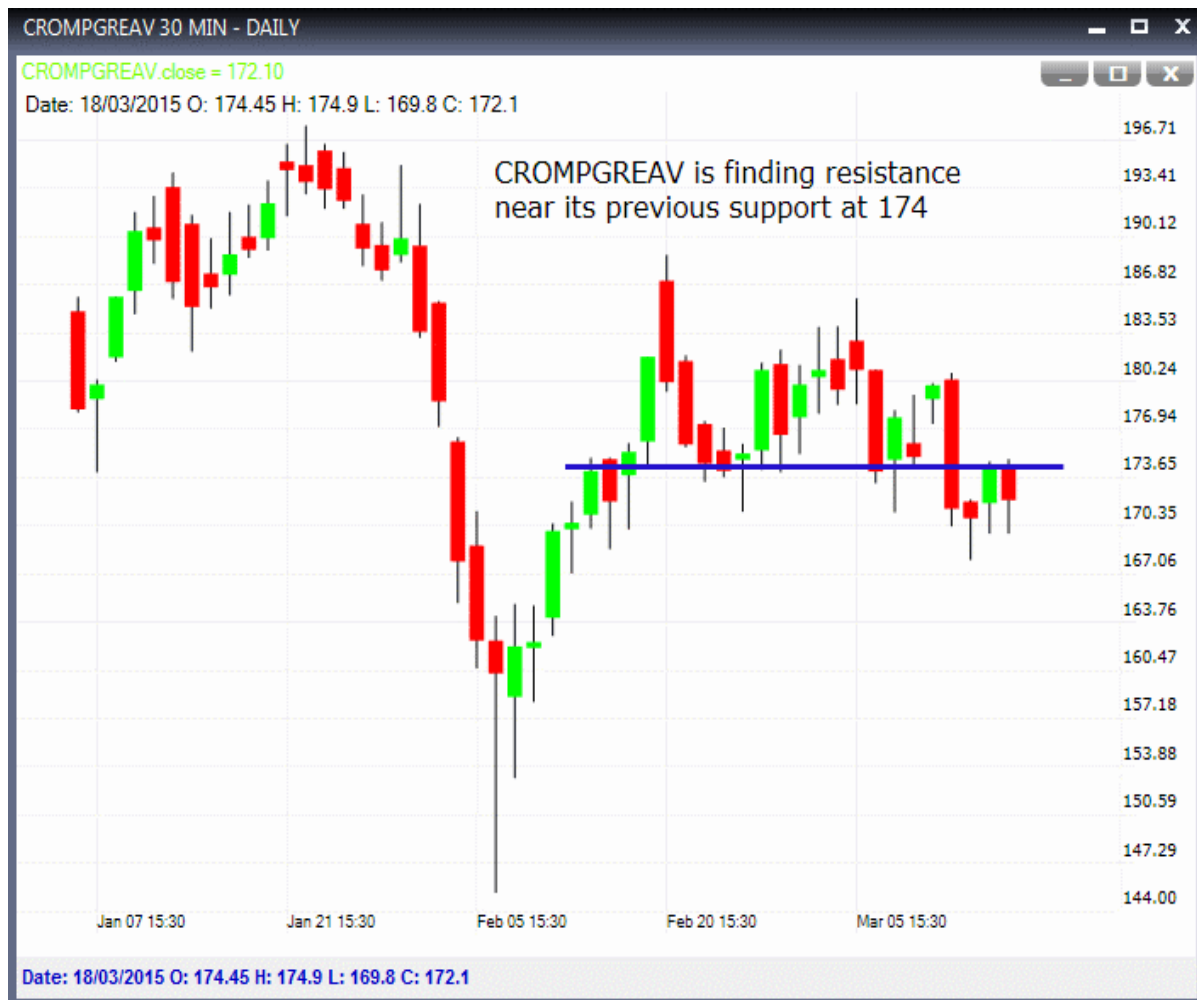
## SWING TRADES

*"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.

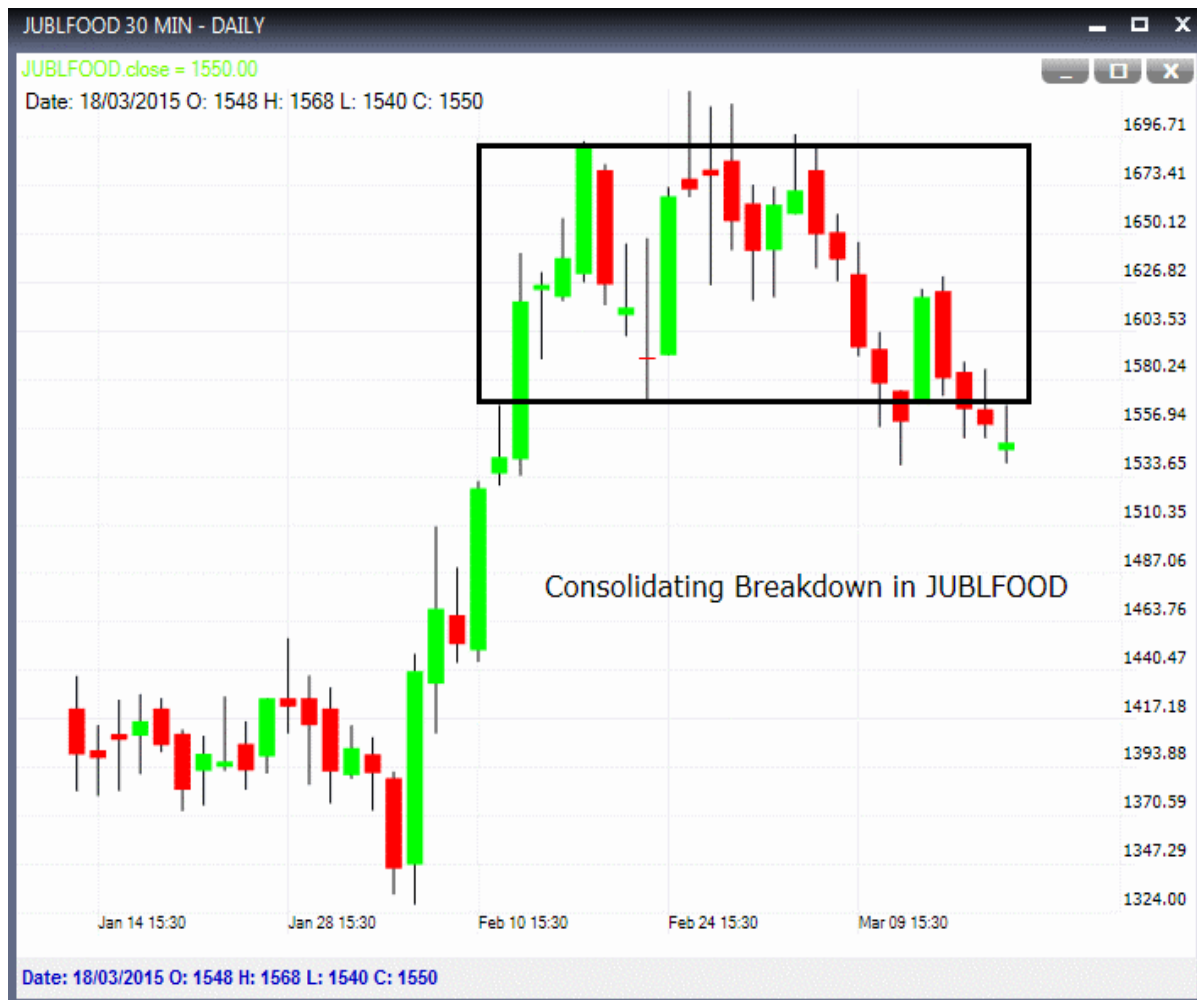
### **CROMPGREAV – [Close (Spot Price): 172.10] – SELL**

Short Term Trend is down in CROMPGREAV. Prices have seen a breakdown from a trading range then find resistance near its previous support at 174. Sell this stock below 172. If this trade executes then place your stop just above 174 with a target near 168.



**JUBLFOOD – [Close (Spot Price): 1550] – SELL**

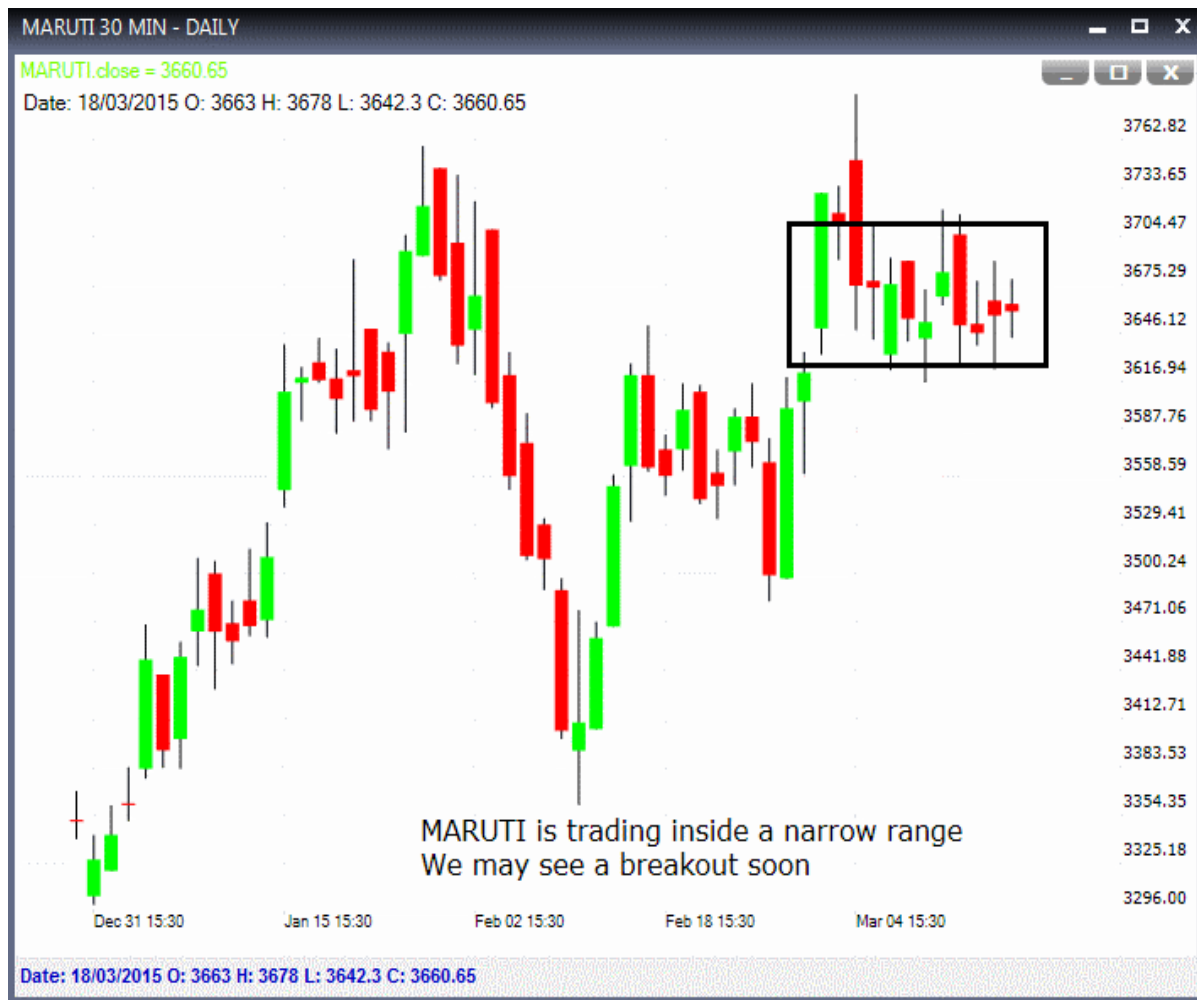
Short Term Trend is now down in JUBLFOOD. Prices have been consolidating inside a range 1570 – 1690. Prices have seen a breakdown from this range and closed below to it. Sell this stock below 1540. If this trade executes then place your stop just above 1560 and a target near 1503.



**MARUTI – [Close (Spot Price): 3660.65] – BUY**

Short Term Trend is sideways in MARUTI. Prices have seen an upside rally and then went into a narrow trading range. The range is intact so far. Prices are trading very narrow inside this range. We may see a breakout. Buy this stock above 3680. If this trade executes then place your stop just below 3640 and a target near 3760.





#### SKSMICRO – [Close (Spot Price): 447] – BUY

Short Term Trend is up in SKSMICRO. The stock has seen a correction and made a pattern of bullish flag. This pattern has seen a breakout. We may see an upside rally. Buy this stock above 450. If this trade executes then place your stop just below 444 and a target near 462.



## Final Words

A small trading range is visible with support at 8620 and resistance around 8740. We will get the opportunity to trade if price breaks this range on upside or downside.

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