

## **ABSTRACT**

**DECLINE CONTINUES IN NIFTY – DECISIVE BREAKDOWN OF TRADING RANGE COMES ABOUT AS INDEX MOVES BELOW 8620; SHORT TERM DOWNTREND RESUMES – STOP FOR SHORT POSITIONS IS 8670; CHOPPY MARKET CONDITIONS MAY PREVAIL**

Decline continues in Bank Nifty. Prices are now at the verge of breakdown from its support at 18500. Trend is down and we should look for a shorting opportunity in this sector. CNX IT is trading inside a tight range 12275 – 12550 from last 10 trading days. We may see a directional move soon in this sector.

We have AUTOMOBILE in Sector Focus. Trend is sideways in this sector. We will discuss the current scenario of AUTO Stocks. Stock in focus includes BHEL, CANBK, ALSTOMT&D and GEOMETRIC. For each of these stocks, we analyse their technical picture; identify trades with stop loss and targets. We track GOLD, SILVER, USDINR and EURINR today with a trade in USDINR.

**DECLINE CONTINUES IN NIFTY – DECISIVE BREAKDOWN OF TRADING RANGE COMES ABOUT AS INDEX MOVES BELOW 8620; SHORT TERM DOWNTREND RESUMES – STOP FOR SHORT POSITIONS IS 8670; CHOPPY MARKET CONDITIONS MAY PREVAIL**

## **MARKET TODAY**

Market saw another decline where Nifty's gap down open at 8627.90 with a loss of 6 points was also high of the day. Once the support at 8620 was broken, the index fell sharply lower to touch day's low at 8563. Nifty finally closed near the lows of the day at 8569 with a loss of 60 points. Nifty traded in a moderate range of 65 points. Among the major indices, CNX IT outperformed while CNX FMCG, CNX PHARMA, Bank Nifty, underperformed for the market. Market breadth was negative today with 288 advancing and 1230 declining stocks on the NSE.

## **TRADING**

MARKET CONTINUE TO TRADE LOWER AND SEEN A DECLINE AS NIFTY CLOSED BELOW 8570, MUCH LOWER THAN OUR SUPPORT AT 8620. SHORT TERM TREND IS DOWN, AS IS THE INTERMEDIATE TREND. AVOID ANY KIND OF BUYING.

## **ACTIVE INVESTING**

AFTER REMAINING IN A TRADING RANGE, THE NIFTY FINALLY BROKE DOWN TODAY, SUGGESTING THAT TRADING POSITIONS SHOULD BE CLOSED UNTIL NEW PATTERNS EMERGE. FOR INVESTORS WITH ACTIVE INVESTMENTS, THE CORRECTION IS AN INEVITABLE PART OF THE BULL MARKET. JUST ACCEPT IT.

## **NIFTY WATCH**

### ***Range breakdown in Nifty***

Nifty has now broken the 8620-8740 range on the downside. Nifty's close well below the 8620 support level suggests that the correction is still not over and there is more to come. As traders, we go with the flow of the markets and we have to change our views as frequently as the markets change their direction.

For fresh positions, one should now look for shorting opportunities although shorting at present levels is not so favourable from risk reward perspective but one can start building short positions on any failures of rallies and add to

them on further weakness. 8670 is the first resistance for Nifty on the upside, which will also act as a stop for short positions.

The short term as well as the medium term trend in Nifty is down. All buying should now be postponed till the markets stabilize and make some patterns that signal a completion of this correction.

#### **WHAT LIES AHEAD?**

We have been downbeat on the market trend. When the FED was to make an announcement, we suggested closing all positions (we were short) since we markets could do anything on the basis of news. A trading range in the Nifty has now broken down.

A bearish head and shoulder in the Bank nifty has also been confirmed. The technical evidence suggests lower levels are coming in.

It is possible for sharp and sudden relief rallies to emerge. Short term traders may or may not wish to go long on such rallies. Position traders should avoid buying. We feel that any rally will eventually be sold into, fizzle out, finally leading to lower levels.

For the Nifty, a pattern target of 8350 is visible, the pattern being a bearish head and shoulder.

The CNX IT remains an out performer; stocks in the IT universe should be bought on dips. DO NOT short, IT and Pharma.

***STOCK MARKET – SPOT PRICE (NIFTY: 8584.85, SENSEX: 28,261.08)***



## TAKING A SWING TRADE

### *Method to be in a profitable side*

We had suggested four trades in our newsletter dated 11 March 2015. The trade was to go long in BHARTIARTL, HEXAWARE, and short in HINDALCO, JUBLFOOD.

We have stopped out from BHARTIARTL and trade did not executed in our other stocks like HINDALCO, and JUBLFOOD. Trade did execute in HEXAWARE but initially it went upward then now moving against our target price.

In BHARTIARTL prices seen an upside movement, we went long there and goes into a trading range. Then a decline came and took us out of the stock.

We were waiting for our entry price in both shorting opportunities HINDALCO and JUBLFOOD but it never came because prices move upwards after opening of the share market.

In such choppy market, usually trades do not execute and if they execute, probability of stopping out is high. Therefore, it is advisable to trade less, reduce volume size to half or may be avoid participating in the market. More active you are in such environment, more money you are likely to lose.

There are two methods for profiting in choppy markets. The first method is to buy support and sell resistance. When stocks are choppy, there is not enough supply or demand to push the issues through critical levels. Therefore, if a trader simply buys the support levels and sells resistance, one can net substantial gains. The second method for making profits in choppy markets is to utilize oscillating indicators. These indicators will provide buy and sell triggers based on price movement. Many studies have shown that oscillators perform best during choppy markets, due to the fact if a stock is trending, a stock can stay overbought for a long time.

#### METALS WATCH

METAL	CURRENT PATTERN (if any)	TIME FRAME	TRADE			PREVIOUS PATTERN	TIME FRAME
			ENTRY PRICE	STOP	TARGET		
<b>GOLD MINI</b>	Resistance at 26600	EOD	NA	NA	NA	Trading Range inside 25600 - 26000 Broken on upside	EOD
<b>SILVER MINI</b>	Resistance at 39000	EOD	NA	NA	NA	Trading Range inside 35000 – 36100 Broken on upside	EOD

#### IT IS ABOUT BANKS! [Bank Nifty (Spot Price): 18635.70]

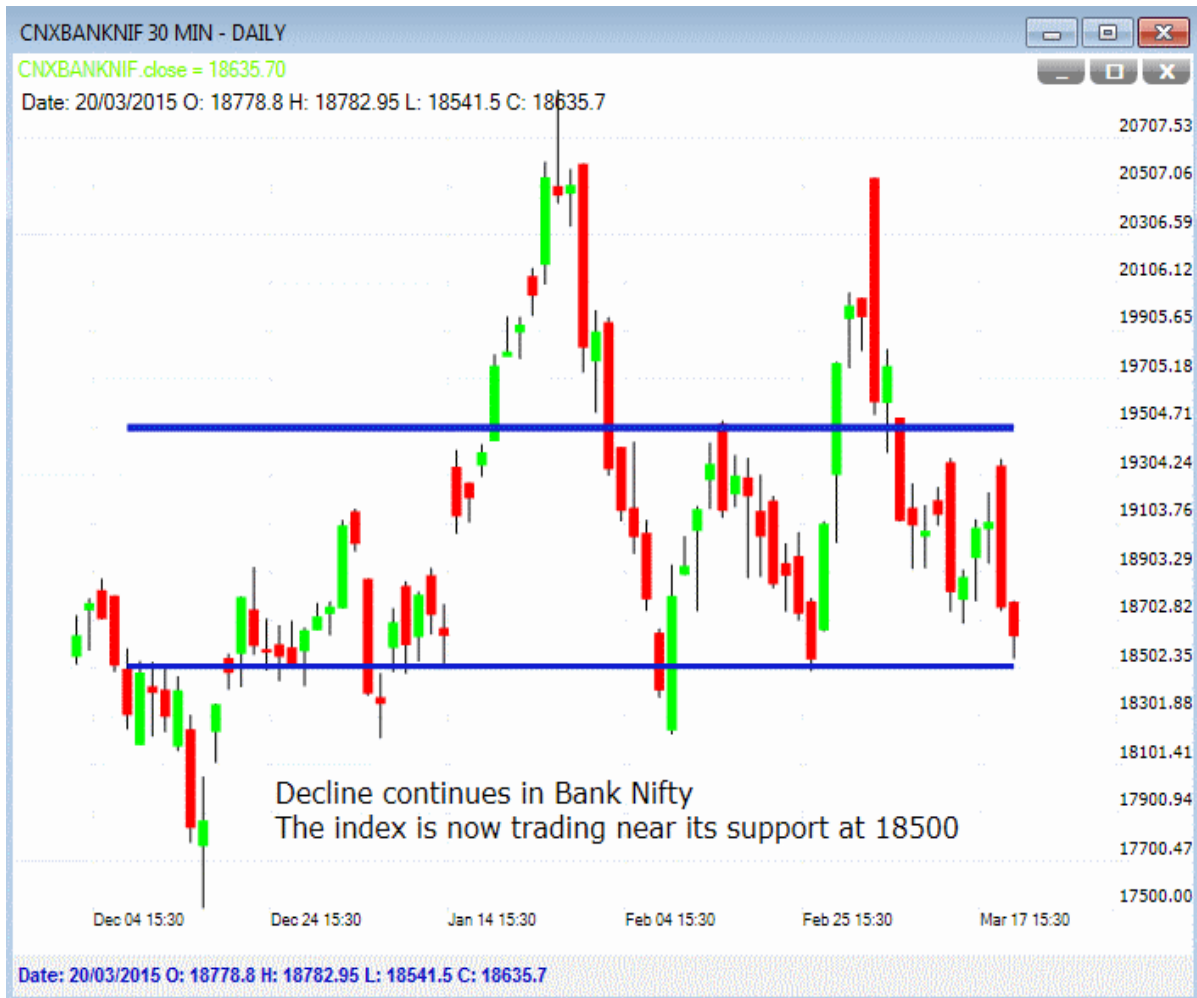
Trend is down and choppy for the Bank Nifty.

Trades should be taken only on the down side, with both the short term and the intermediate trend remaining bearish.

A significant support level is around 18500. It is possible that the level may provide support; therefore, new short positions near this level are not suggested.

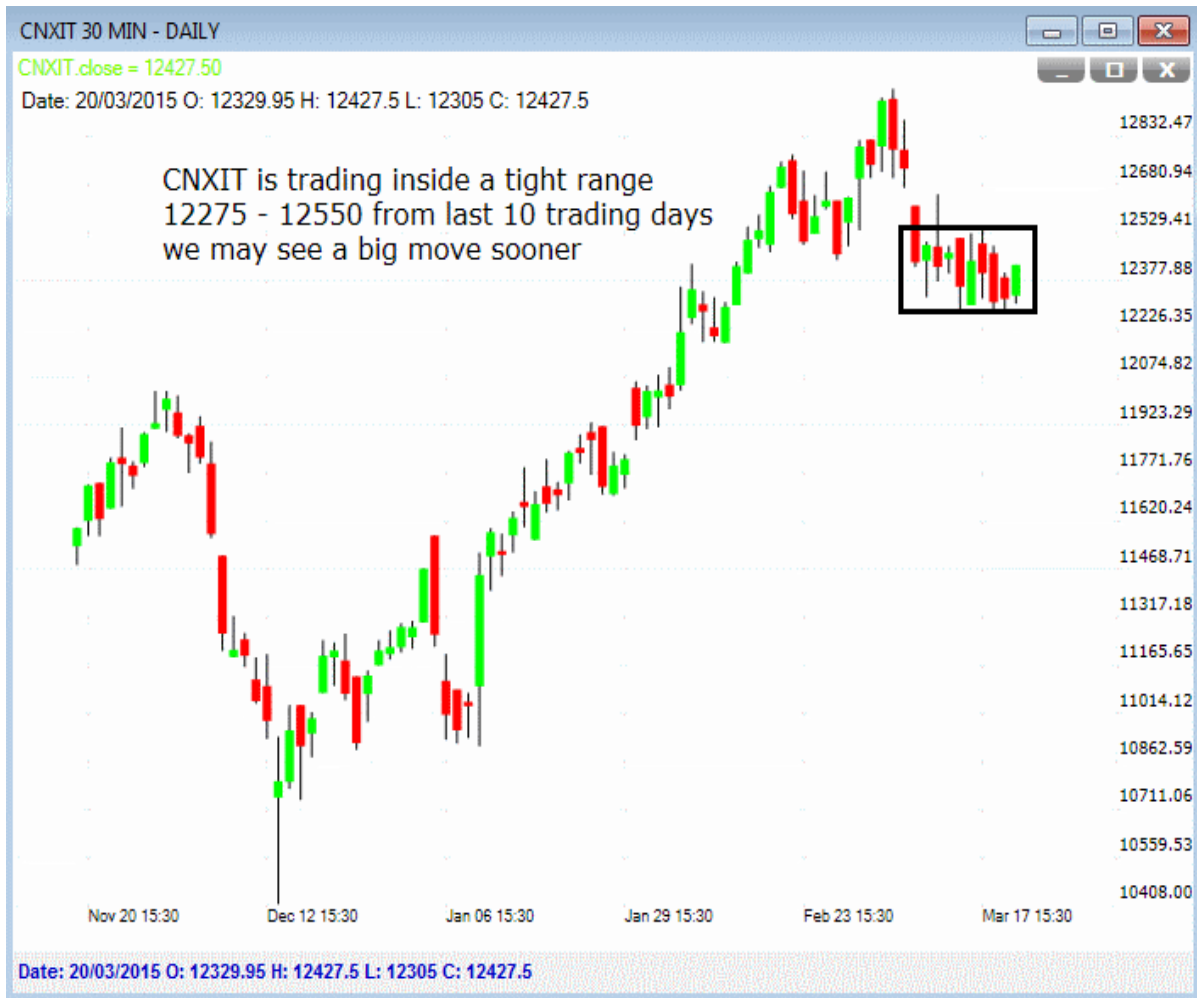
Stops for short positions should be kept around 19100.

If 18500 break on downside, then a much larger bearish head and shoulder gets confirmed, with a possible target at 16000. This may or may not come about.



**IT WATCH [CNX IT (Future Price): 12427.50]**

Choppy and narrow trading continues in CNX IT. From the last 10 trading days price are trading inside a tight range 12275 – 12550. This narrow price action tells us that sooner or later we may see a big directional move in this sector. Look for a buying if index closes above 12550. As far prices trading inside the support and resistance levels, we should avoid trading in this sector.



### SECTOR FOCUS [AUTOMOBILE]

Intermediate and short term trend is sideways in AUTO Sector. Prices have seen a rally and find resistance at upper level. The sector is now consolidating and trading inside a range. Some of AUTO Stocks are now offering us a shorting opportunity. AMTEKAUTO, APOLLO TYRE, BAJAJ AUTO and M&M have seen a breakdown from its support and now moving down. Traders can look for a short selling in these four stocks. MARUTI is the outperformer in this sector. Every dip in this stock should consider as a buying opportunity.



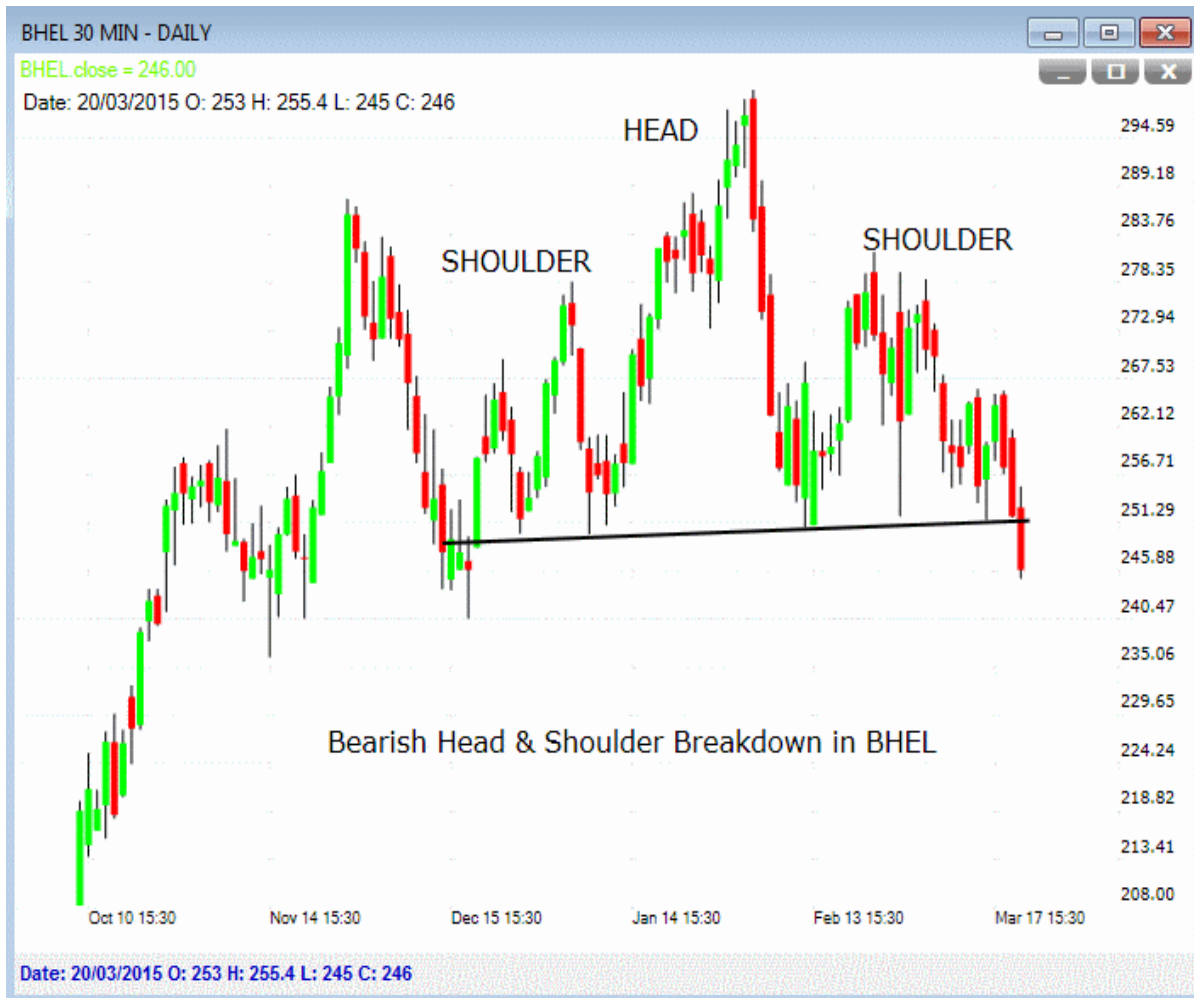
**SWING TRADES**

*“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.

**BHEL – [Close (Spot Price): 246] – SELL**

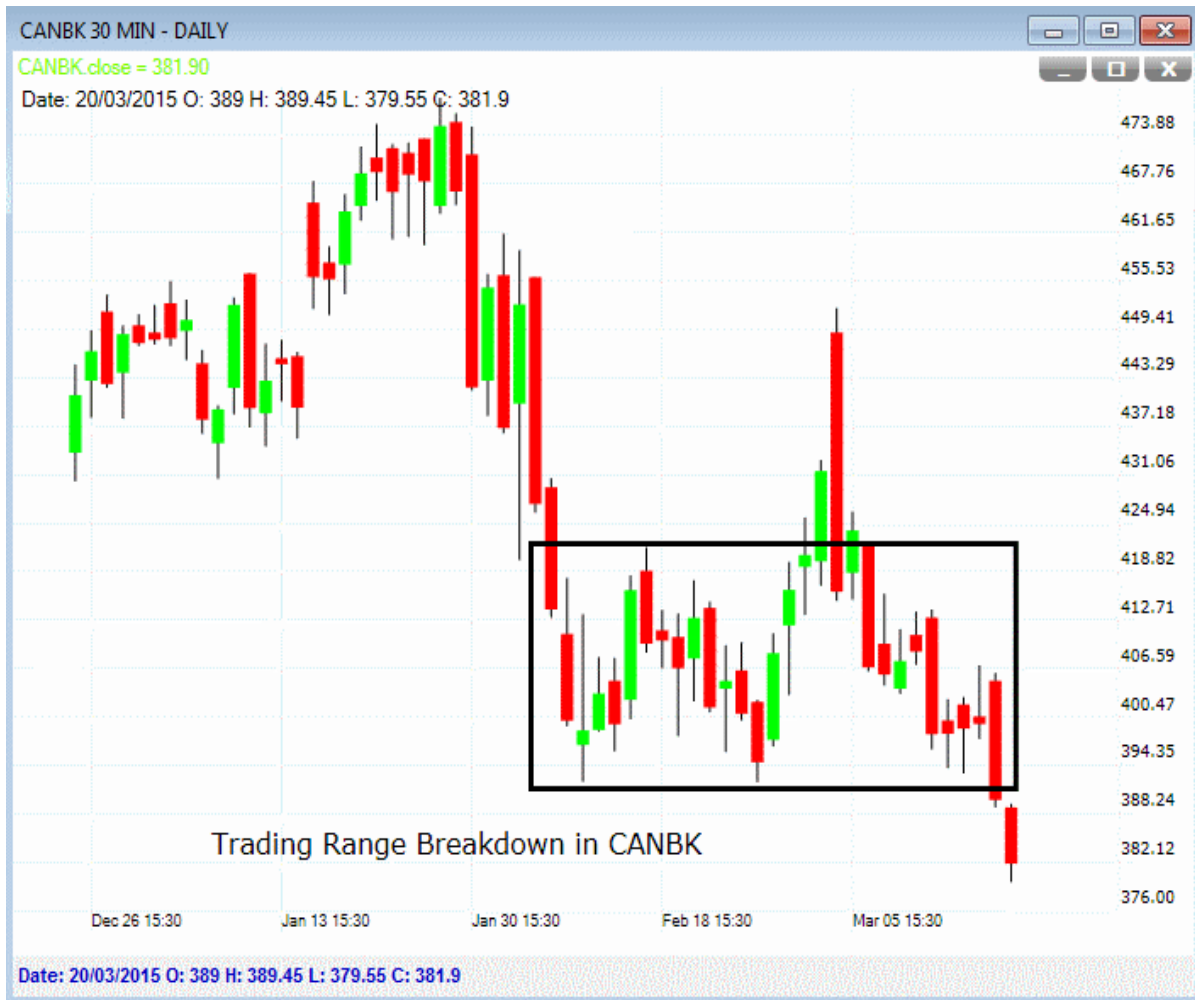
Trend is down in BHEL. Prices have seen a decline and broken below from a pattern of bearish Head & Shoulder. This suggests that the decline may continue in this stock. Sell this stock below 245. If this trade executes then place your stop just above 248 with a target near 239.



**CANBK – [Close (Spot Price): 381.90] – SELL**

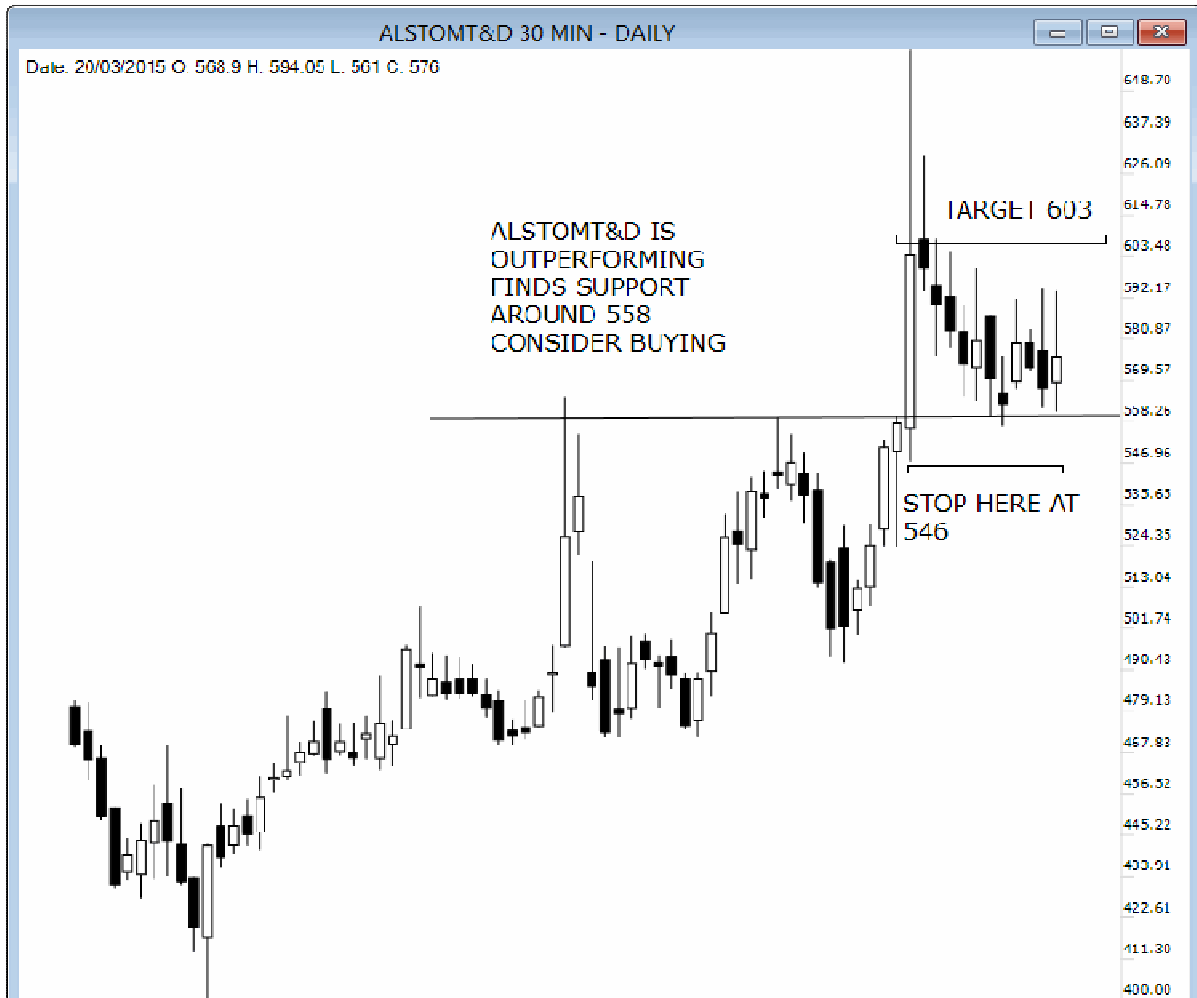
Trend is down in CANBK. Prices have seen a sharp decline and went into a trading range. That range has been broken down. We may see lower levels in this stock. Sell this stock below 380. If this trade executes then place your stop just above 385 and a target near 370.





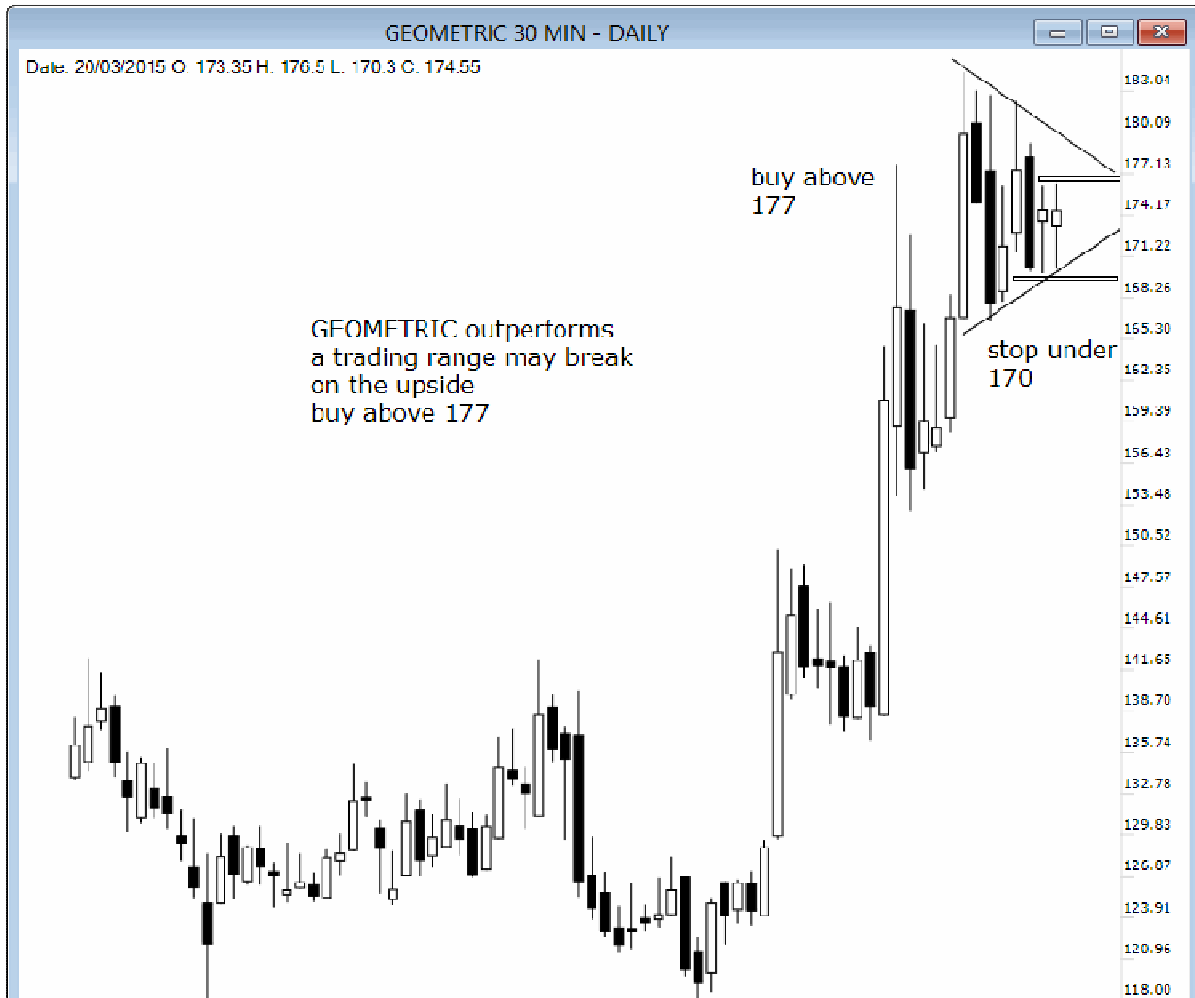
**ALSTOMT&D – [Close (Spot Price): 576] – BUY**

Trend is up in ALSTOMT&D. The stock has seen a correction and finds support near 558. We may see an upside rally here. Buy this stock at current levels. Place your stop just below 546 and a target near 603.



**GEOMETRIC – [Close (Spot Price): 174.55] – BUY**

Trend is up in GEOMETRIC. Prices have seen a sharp decline and went into a narrow range. Prices are at the verge of breakout from this narrow range. Buy this stock above 177. If this trade executes then place your stop just below 170 and a target near 191.



CURRENCY TRACKER

SCRIPT	CURRENT PATTERN (if any)	TIME FRAME	TRADE			PREVIOUS PATTERN	TIME FRAME
			ENTRY PRICE	STOP	TARGET		
USDINR	A correction in prices Support at 62.40	EOD	62.60	62.40	63.10	NA	NA
EURINR	Trading Range inside 66.20 – 67.50	EOD	NA	NA	NA	NA	NA



### Final Words

It is possible for sharp and sudden relief rallies to emerge. Short term traders may or may not wish to go long on such rallies. Position traders should avoid buying.

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