

ABSTRACT

MARKETS CONTINUE IN DOWN CORRECTION; MANY MID CAPS DISPLAYING LARGE DISTRIBUTION PATTERNS WHICH IS BEARISH; BANK NIFTY ALSO IN CLEAR DOWNTREND; MARKETS CONTINUE TO LOOK LOWER WITH NIFTY TARGET OF 8350 OR NEARBY

Decline continues in Bank Nifty. The index is trading very choppy and narrow. We may see a big move sooner. Trend is down and we should look for short selling only. Decline continues in CNX IT. Support comes at 12000 whereas Resistance comes at 12550. Avoid trading in IT Sector.

We have FMCG in Sector Focus. Intermediate and Short Term Trend is down in this sector. We will discuss the current scenario of FMCG Stocks. Stock in focus includes AMBUJA CEM, LICHSGFIN, PNB and SRTRANSFIN. For each of these stocks, we analyse their technical picture; identify trades with stop loss and targets. We track GOLD, SILVER in METALS and GBPINR, USDINR and EURINR today with a long trade in EURINR and USDINR.

MARKETS CONTINUE IN DOWN CORRECTION; MANY MID CAPS DISPLAYING LARGE DISTRIBUTION PATTERNS WHICH IS BEARISH; BANK NIFTY ALSO IN CLEAR DOWNTREND; MARKETS CONTINUE TO LOOK LOWER WITH NIFTY TARGET OF 8350 OR NEARBY

MARKET TODAY

Another narrow and choppy day in the market ends after Nifty started on a positive note with a gap up of almost 17 points at 8568.90. Prices touched a high of 8573.75 and then came down to break-even points. A minor decline after lunch took nifty to the lows at 8517.15. Prices moved within narrow trading range throughout the day. Nifty has not done much and finally closed near the lows of the day at 8530.80 with a loss of 12.15 points. Market traded in a narrow trading range of 58 points. Among the major indices, CNX PHARMA and CNX FMCG closed with minor gains while CNX BANK and CNX IT closed with minor losses. Market breadth was negative today with 365 advancing and 760 declining stocks on the NSE.

TRADING

Markets continue in a downtrend, with the Bank Nifty leading the down move. Stock markets continue with their downside move as the benchmark index, the nifty, slid 12 points. Index is slowly coming close to a strong support zone of 8350 area. The bank nifty held on to its 18200 short term support. Banks may give us an indication of the next move in the nifty. Prices are in a narrow trading range from last four trading sessions now. As we said it yesterday, we may see a big move from the banks, soon enough.

ACTIVE INVESTING

IPCA lab has seen a gap down due to news that the company received US Food and Drug Administration (FDA) import alert for two of its units in Pithampur & Silvassa. Post the alert, shares in generic drug maker slumped as much 12.7 percent, heading towards their biggest daily falls since July 2014.

Similarly, Wockhardt had also seen a huge decline for the same news where Wockhardt's shares extended its fall to more than 18 percent on 23 MAY 2013 after its 20 percent fall on previous day. After seen a sudden decline due to that news, stock went into consolidation for three months but since then stock has seen a sharp upside rally which brings it to the new lifetime highs.

Our point by doing this research is that IPCA LAB may also see some consolidation period and may come back to previous highs. Therefore, active investors should be alert to identify

(a) An end to the decline, then

(b) A base after which IPCAL could also start an up move.

Nifty Watch

Bearish Turnaround

Quality Midcap stocks which has gone through an upside movement are now breaking down from a large distribution patterns. Stocks like TATAGLOBAL, PFC, GODREJIND, MINDTREE, TATACHEM, JUBLFOOD, SRTRANSFIN, LIC, TVS, and BATAINDIA are turning down side from last few days. These distribution patterns are bearish, suggesting an intermediate top is in place, with lower levels likely.

The distribution in erstwhile bullish stocks is probably a sign that markets are bracing for a deeper correction.

Short Term

Our outlook for the short term remains bearish and we advise traders to hold their short positions with a revised stop just above 8630 level. Please note that stops have been tightened.

Intermediate Term

We remain bearish for the intermediate too and advise traders to hold their short positions with a revised stop at just above 8650 now.

STOCK MARKET – SPOT PRICE (NIFTY: 8517, SENSEX: 28,111.83)



TAKING A SWING TRADE

Time based stop

We had suggested four trades in our newsletter dated 13 March 2015. The trade was to go long in SUNPHARMA and short in other three trades namely HDFC, JSWSTEEL, and ULTRACEMCO.

Trade did not executed in HDFC while trade executed in JSWSTEEL and ULTRACEMCO but after executing price were stopped out.

Trade executed in SUNPHARMA and prices were going in our favor but prices went in a trading range and we are waiting for our target to come. Today is the fifth day of the trade. Taking a long trade is eventually a trend trade in an ongoing bull market. Traders may like to liquidate trades after 4 or 5 days. Please note, this is also a matter of personal opinion, there are no rigid rule for time-based stops.

The reason we use a time-based stop loss is that if the markets do not seem to be moving in either direction and neither stop loss nor the profit target has been hit, after a set period of time you can close down that trade leaving you free to use that capital for other opportunities.

METALS WATCH

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

IT IS ABOUT BANKS! [Bank Nifty (Spot Price): 18273.40]

We had already discussed that the Bank Nifty has broken down from a bearish head and shoulder which is giving a target near 16900 – 17000.

With the Bank Nifty currently trading near 18300, there is considerable potential for a short selling trade, even at current levels.

As traders we understand that targets are numbers, not sacrosanct, but highly probable. Therefore, there is a high probability that the Bank Nifty targets will be met.

It is probable but not certain! Traders may consider going short with a stop of around 19000. The stop should be trailed if prices move in our favour.



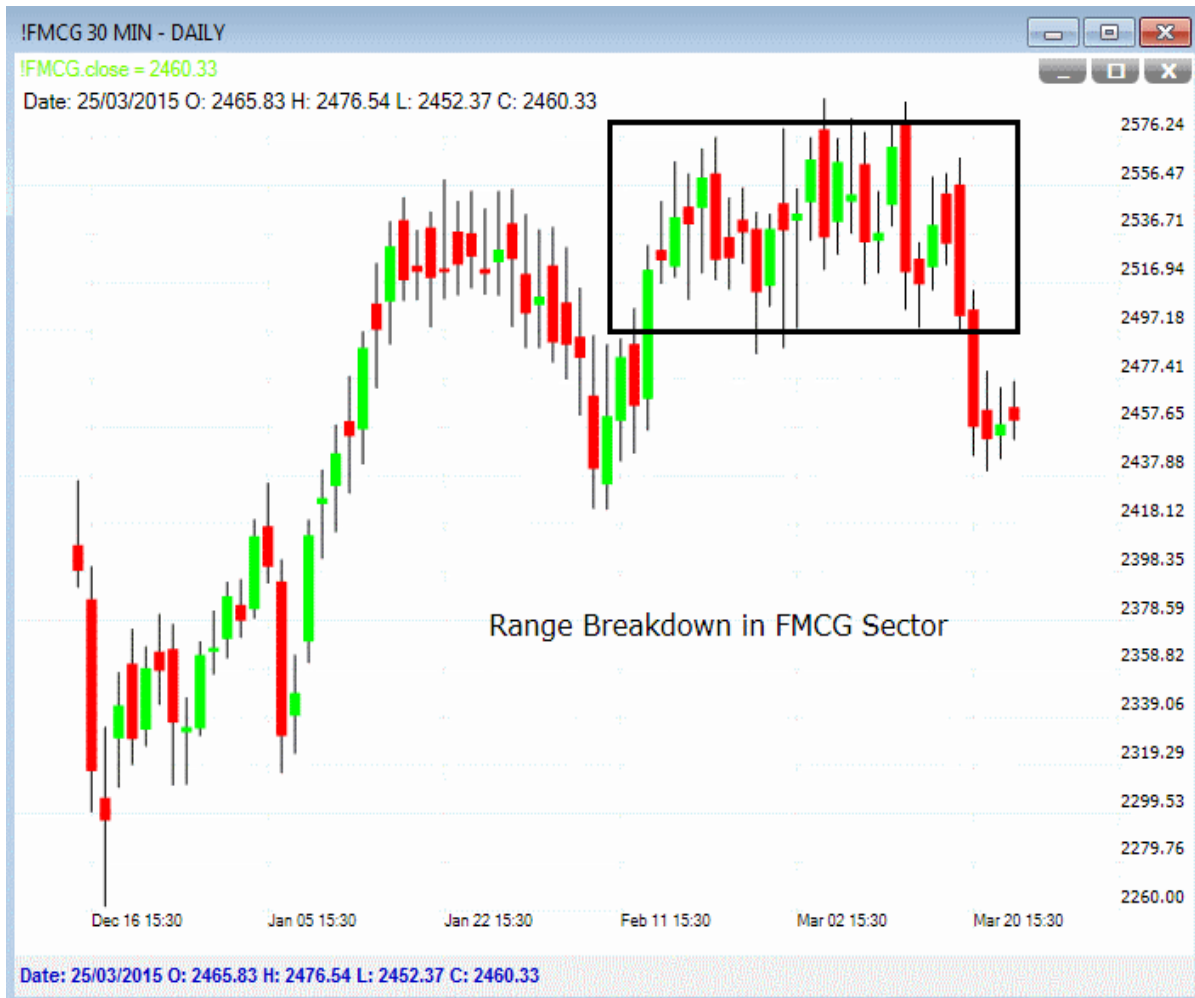
IT WATCH [CNX IT (Future Price): 12220]

Choppy trading continues in CNX IT and the index closes with minor loss. As of now, trader should completely avoid this sector for trading. A strong support comes at 12000. A close below this support may give us a shorting opportunity in IT Stocks. Wait for a clear direction.



SECTOR FOCUS [FMCG]

Long Term Trend is up whereas Intermediate and Short Term Trend is now down in FMCG Sector. The sector has been trading inside a range at its top. This range has seen a breakdown and now moving on downside. We should look for short selling only in this sector. As of now COLPAL, MCLEODRUSS, HUL and ASIANPAINTS are trading sideways. Avoid trading in these stocks. GODREJIND, BATAINDIA and TATA GLOBAL are moving downside. Look for a short selling in these stocks.



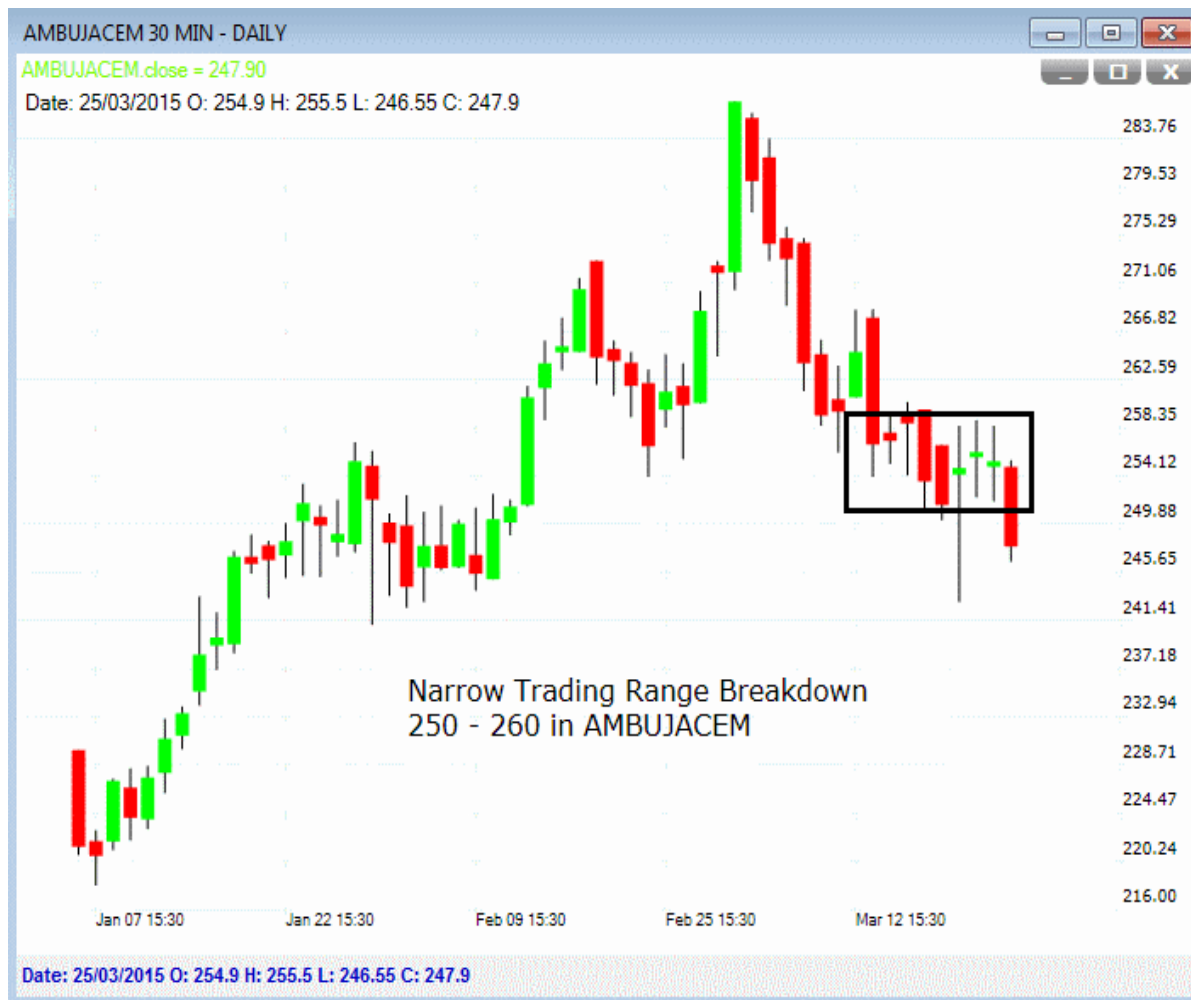
SWING TRADES

“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): 247.90] – SELL

Trend is down in AMBUJACEM. Prices have seen a sharp fall and then went into a narrow trading range 250 – 260. Prices have seen a breakdown from this range and closes below. Sell this stock below 247. If this trade executes then place your stop just above 250 with a target near 241.



LICHSGFIN – [Close (Spot Price): 431] – SELL

Trend is down in LICHSGFIN. Prices have consolidating at the top with a support near 445. This support has seen a breakdown and prices closed below. Sell this stock below 428. If this trade executes then place your stop just above 435 and a target near 414.



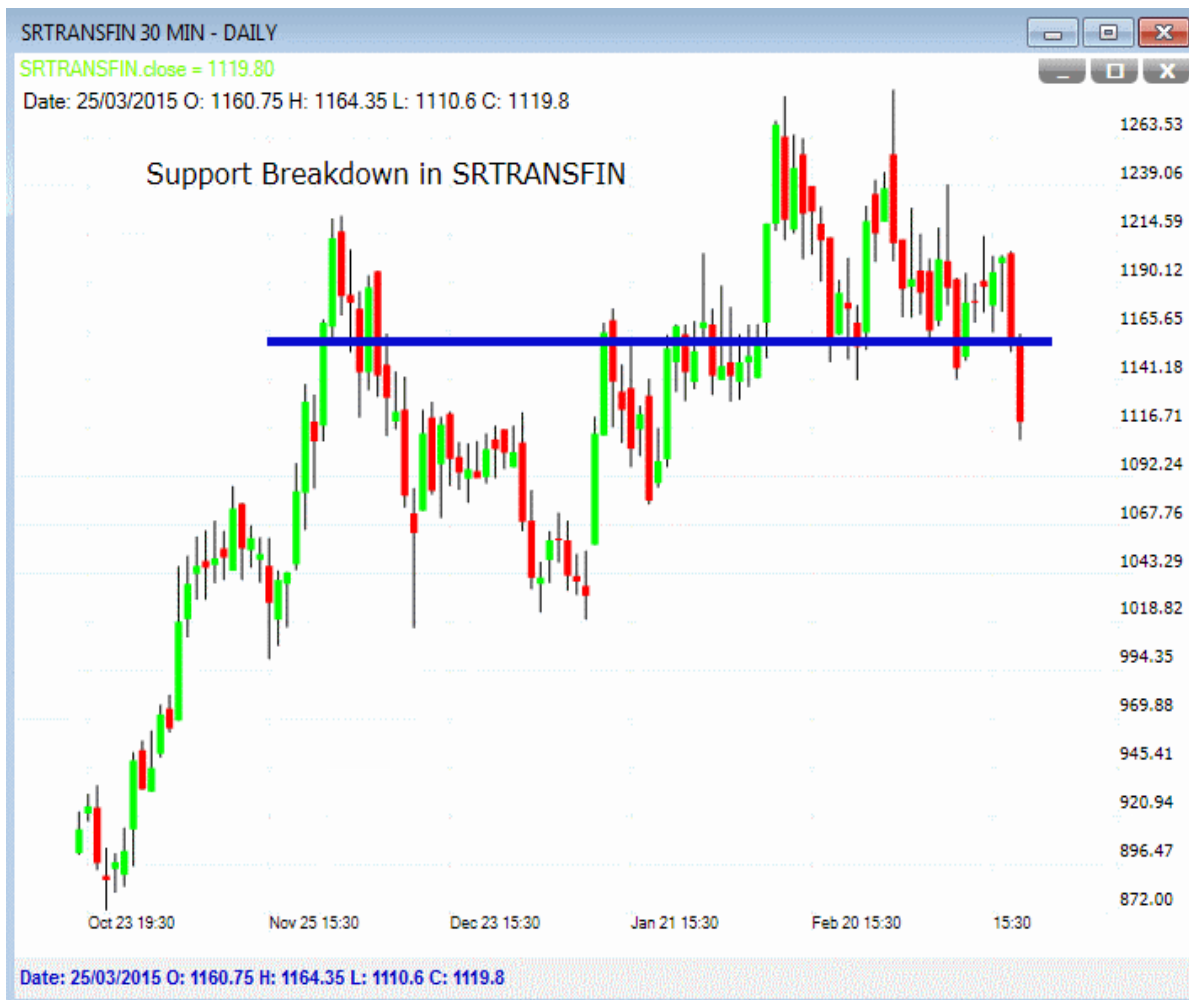
PNB – [Close (Spot Price): 154.85] – SELL

Trend is down in PNB. Prices are trading inside a narrow range 160 – 170. This range has seen a breakdown and prices closed below to its support near 160. Sell this stock below 154. If this trade executes then place your stop just above 156 and a target near 150.



SRTRANSFIN – [Close (Spot Price): 1119.80] – SELL

Intermediate Trend is now down in SRTRANSFIN. The stock has been consolidating at its top and today prices have broken down from this consolidation. Sell this stock below 1110. If this trade executes then place your stop just above 1130 with a target near 1070.



CURRENCY TRACKER

SCRIPT	CURRENT PATTERN (if any)	TIME FRAME	TRADE			PREVIOUS PATTERN	TIME FRAME
			ENTRY PRICE	STOP	TARGET		
GBPINR	Trading inside a range 92.10 – 93.40	EOD	NA	NA	NA	NA	NA
USDINR	Strong Support at 62.40	EOD	62.50	62.20	63.10	NA	NA
EURINR	Trading Range inside 66.20 – 67.50 Breaks upside	EOD	Executed @ 68	New Stop @ 67.40	68.90	NA	NA



Final Words

Markets continue in a downtrend, with the Bank Nifty leading the down move. Look for short selling only.

Disclaimer

This document has been sent by Multiplex Capital Limited and is meant for the recipient for use as intended and not for circulation. This document should not be reported or copied or made available to others. The information contained herein is from the public domain or sources believed to be reliable. While reasonable care has been taken to ensure that information given is at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the very nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as such. Multiplex Capital Limited, its directors and employees, will not in any way be responsible for the contents of this report. This is not an offer to sell or a solicitation to buy any securities. The securities discussed in this report may not be suitable for all investors. Investors must make their own investment decision based on their own

investment objectives, goals and financial position and based on their own analysis. Multiplex Capital Limited, its directors or employees, may from time to time, have positions in, or options on, and buy and sell securities referred to herein. Multiplex Capital Limited, during the normal course of business, from time to time, may solicit from or other services for any company mentioned in this document.