

## **ABSTRACT**

**BIG DECLINE IN NIFTY, BANK NIFTY; MARKET DOWNTREND CONTINUES; NIFTY TRADING NEARS ITS SUPPORT ZONE AT 8350; TRADERS SHOULD TIGHTEN STOPS FOR SHORT POSITIONS, MOVE STOPS DOWN TO 8370.**

A big decline came in Bank Nifty. The index closed below 18000. Traders should take partial profits from their short position. CNX IT has also seen a big decline. The index has closes below its strong support near 12000. Intermediate and short term trend is now down.

We have CEMENT in Sector Focus. Trend is down in this sector. We will discuss the current scenario of CEMENT Stocks. Stock in focus includes BATA INDIA, GAIL, KOTAK BANK and M&M. For each of these stocks, we analyses their technical picture; identify trades with stop loss and targets. We will discuss a trade in GOLD in our METAL WATCH Section. We will also discuss our existing trade in USDINR and EURINR in CURRENCY TRACKER Section.

## **MARKET TODAY**

Nifty's gap down open at 8474.95 with a loss of 56 points and the range bound trading with a mildly weak bias was not so bearish. But once the support at 8450 was broken, the index fell sharply lower to touch day's low at 8325.35. Nifty finally closed near the lows of the day at 8342.15 with a loss of 188.65 points. Market traded in a wide range of nearly 175 points. Bank Nifty closed with a huge 2.61% loss while CNX FMCG lost 1.33% and CNX IT with a loss of 2.65% underperformed amongst the major indices. Market breadth was negative today with 454 advancing and 1050 declining stocks on the NSE.

## **TRADING**

After opening with a 56 points gap in the red, bears continued pushing Nifty lower almost unchallenged throughout the session. A sharp slide around the last hour took it below 8400 and the index finally closed near the lows of the day at 8342.15 with a big loss of 188.65 points.

On the daily charts Nifty has broken the previous swing low of 8470 and has closed well below that level. Next support zone from here comes at between 8250 and 8150. But as discussed earlier too when the trend is clearly down on both the short and intermediate term, we don't give much importance to supports. It's the recent highs like 8550 and 8630, closing above which would make us re-think on our bearish outlook.

Traders should not attempt to pick bottoms in this market for the time being as we can always go long later even if the entry is 2-3% higher from here. But first let the market hold the supports and show some evidence that it is at least not going down.

## **What to Do Tomorrow?**

After big decline today, Nifty may consolidate or chop around present levels tomorrow on the first day of new F&O series. It may even make an attempt to bounce back. But trading the upside will be difficult when the trend is down. The trade is still on the short side but going short at these levels is also not a great trade from risk to reward perspective. Enter with lower than normal volumes and add if the trade moves in your favor.

## **ACTIVE INVESTING**

***Buy when there is blood in the streets – Warren Buffet***

Is today's decline sign of blood in the streets? The answer is: maybe.

The charts today cannot give us any inkling of an end of the down move. This sense may come in the next few days if markets stabilize.

BUT, if you are a long term investors, your shopping list should include ICICI Bank, LIC Housing and State bank. All three stocks may be purchased in small lots, fully understanding that lower levels are probably coming.

The reason to buy is: Investors cannot and should not time the market. Buy on dips.

## NIFTY WATCH

### Short Term

We are "cautiously" bearish for the short term and advice traders to book partial profits and hold remaining position with a stop just above 8370 level.

### Intermediate Term

We remain bearish for the intermediate term and advise traders to hold their short position with a revised stop which is now just above the 8450 level in the cash Nifty.

**STOCK MARKET – SPOT PRICE (NIFTY: 8382.30, SENSEX: 27,457.58)**



## TAKING A SWING TRADE

**AMBUJACEM (close at 258.70):** –The trade was to sell below 255 with a stop loss of 258 and a target of 249.

The next day (18 March), price opened at 260 with 2 points gap up but then a constant decline took prices below our entry price. Finally, at 11.00 AM, price crossed on the downside and we went short there. On the same day, a steady decline throughout the day helped us to meet with our target price at 249. We gained almost 6 points in this trade in less than a day.

Following the trend is an essential strategy for successful traders, “The genius of trading is recognizing the direction of a trend – not catching high and low. Determine the trend and follow it. Make sure you trade in the direction of the trend. Sell rallies when trend is down. Let the longer period chart determine the direction of trend and use the shorter-term chart for timing.

We have also suggested three other stocks, which are in buying segment. They are HEROMOTOCO, JSWENERGY, and MINDTREE. All these stocks went up to cross our entry price but then prices seen a fall, which caused prices to stop out.

Whenever a stock bought, a tight stop loss should be placed below the purchased price. No matter what the reason for decline, each stock should be sold without hesitation if it drops down to or below this limit. Market is about emotions but an intelligent trader should never get into that trap.

## METALS WATCH

METAL	CURRENT PATTERN (if any)	TIME FRAME	TRADE			PREVIOUS PATTERN	TIME FRAME
			ENTRY PRICE	STOP	TARGET		
<b>GOLD MINI</b>	Coming out from a consolidation	EOD	27050	26600	28000	Resistance at 26600	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): 17980.20]

A big decline came today in Bank Nifty and the index closed below 18000, trend is also down.

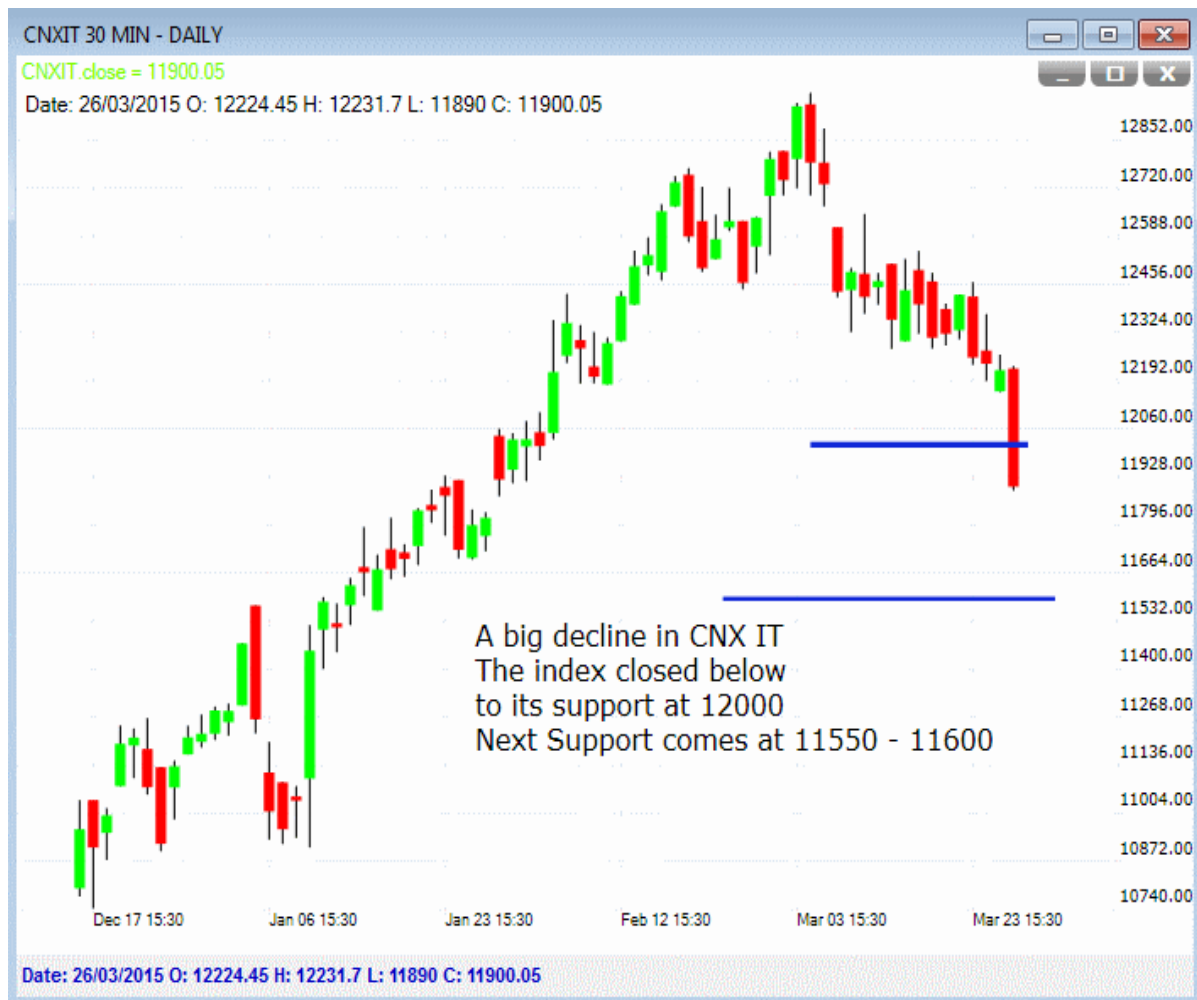
Choppy and narrow price action is natural after such a big decline. We have the possibility to see some narrow range days from now on.

Therefore we should take some partial profit from our short positions and carry some short positions with a stop loss of 18300.



#### IT WATCH [CNX IT (Future Price): 11900.05]

CNX IT has seen a big decline today. The index has broken below to its support at 12000 and closed below to it. Intermediate and Short Term Trend is now down in this sector. TCS and TECH M are now offering us a shorting opportunity. Traders can look for a shorting opportunity in these two stocks. Avoid buying in this sector.



### SECTOR FOCUS [CEMENT]

Trend is down in CEMENT Sector. The sector has seen a breakdown and now moving on downside. All the five major stocks in this sector ACC, AMBUJACEM, GRASIM, INDIACEM and ULTRACEMCO have seen a breakdown from their support levels. We should look for a trade on short side only in this sector. Any intraday consolidation or a rally in this sector should be looked as a shorting opportunity in Cement 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.

### BATAINDIA – [Close (Spot Price): 1130] – SELL

Trend is down in BATAINDIA. Prices have seen a sharp fall and then went into a consolidation. This consolidation took a shape of descending triangle. Prices have seen a breakdown from the support at 1145. Sell this stock below 1125. If this trade executes then place your stop just above 1155 with a target near 1060.



**GAIL – [Close (Spot Price): 381.60] – SELL**

Trend is down in GAIL. Prices are trading inside a range 375 – 395. Prices are now trading very narrow inside this range suggests that a big move is ahead. We may see a breakdown. Sell this stock below 378. If this trade executes then place your stop just above 384 and a target near 366.



**M&M – [Close (Spot Price): 1194.50] – SELL**

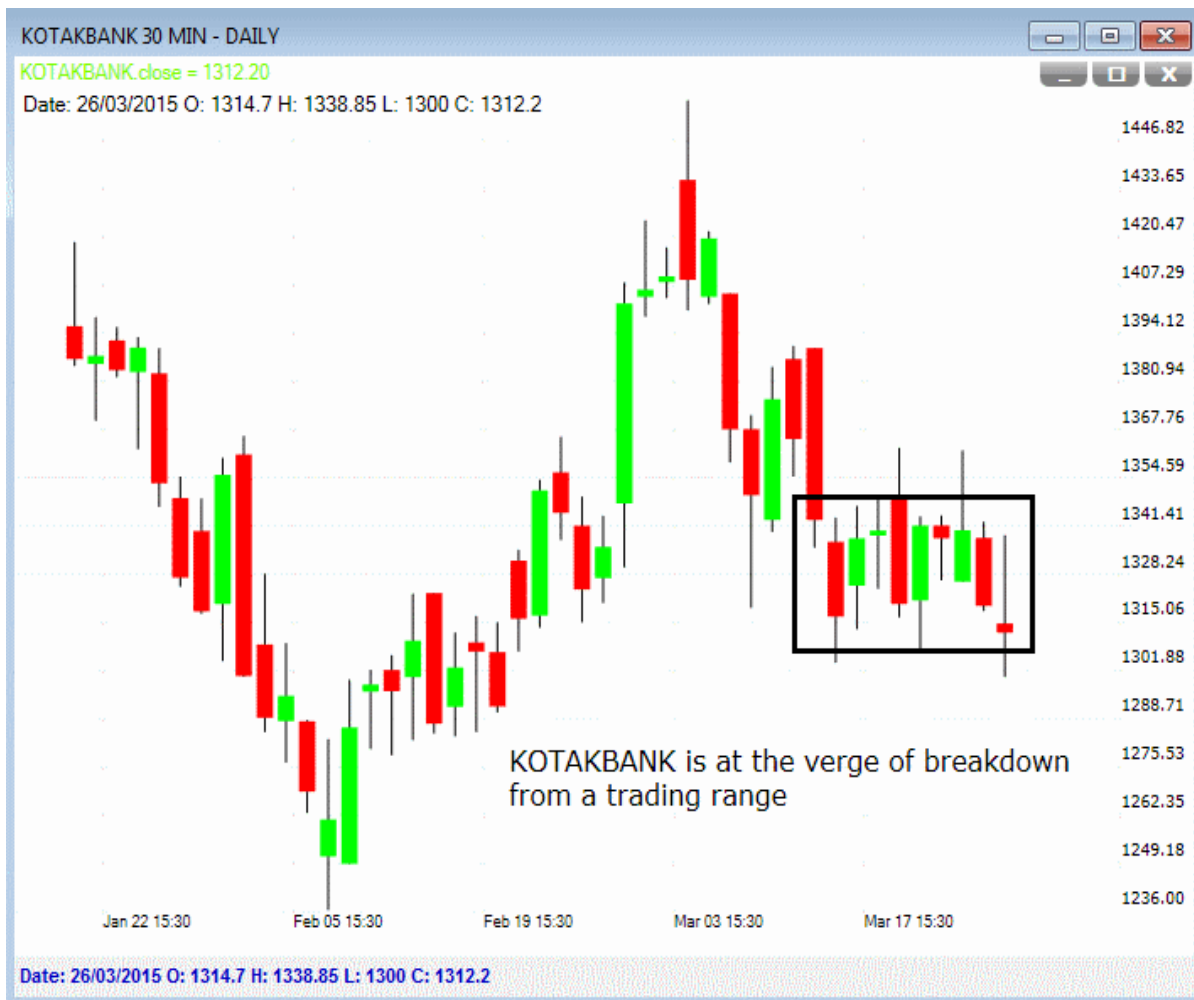
Trend is down in M&M. Prices have seen a minor correction. That correction finds resistance near 1210. Prices have resumed its downtrend. We may see a decline from here. Sell this stock below 1190. If this trade executes then place your stop just above 1210 with a target near 1145.





**KOTAKBANK – [Close (Spot Price): 1312] – SELL**

Short Term Trend is down in KOTAKBANK. Prices are trading inside a narrow range 1305 – 1350. A breakdown from this range may take prices to lower levels. Sell this stock below 1300. If this trade executes then place your stop just above 1330 and a target near 1240.



#### CURRENCY TRACKER

SCRIPT	CURRENT PATTERN (if any)	TIME FRAME	TRADE			PREVIOUS PATTERN	TIME FRAME
			ENTRY PRICE	STOP	TARGET		
GBPINR	Trading range breaks up 92.10 – 93.40	EOD	NA	NA	NA	NA	NA
USDINR	Strong Support at 62.40	EOD	Executed @ 62.60	New Stop @ 62.50	63.10	NA	NA
EURINR	Trading Range inside 66.20 – 67.50 Breaks upside	EOD	Executed @ 68		Met with Target @68.90	NA	NA

## Final Words

The trade is still on the short side but going short at these levels is also not a great trade from risk to reward perspective. Enter with lower than normal volumes and add if the trade moves in your favor.

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