

ABSTRACT

VOLATILE AND CHOPPY, NIFTY MAY ENTER A TRADING RANGE WITH SUPPORT AROUND 8350, RESISTANCE AT 8620. BANK NIFTY DECLINE CONTINUES; NO TRADES CURRENTLY IN NIFTY; WAIT FOR FRESH PATTERNS TO EMERGE; PHARMA REMAINS A BUY ON DIPS

Bank Nifty saw a down move and closed lower. Support comes at 17700 whereas resistance comes at 18800. CNX IT has also traded very choppy and narrow today. Intermediate and short term trend is down.

We are not carrying METALS and CURRENCY today.

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 ARVIND, CIPLA, M&M and SRTRANSFIN. For each of these stocks, we analyse their technical picture; identify trades with stop loss and targets.

MARKET TODAY

The Nifty opened higher by 35 points at 8338.85. Nifty remained under selling pressure after a positive start. The Index made a low at 8454.15 closing at 8491, very near yesterday's close, with a loss of 1.30 points. Markets moved in a modest range of 96 points. CNX Pharma (1.11) was the only gainer amongst the major indices. CNX Bank was the underperformer while CNX IT closed with a minor loss. Overall market breadth was positive with 865 advancing and 609 declining stocks on the NSE.

ACTIVE INVESTING

As we say frequently in these situations, 'There are periods when investors should step aside.' Choppy, uncertain markets like the current one are best avoided.

TRADING

The fact that Nifty opened and traded near the high of the day in initial trade and then went down by 85 points in just 20 minutes makes the intraday price action bearish but only mildly so as it has recovered from that low and closed near yesterday's close.

Our suggestion has been to have a mildly bullish bias ONLY for day trades. Traders should NOT carry positions over the extended holiday starting from Thursday.

NIFTY WATCH

In today's trading, Nifty could not sustain at higher levels, closing near the yesterday's close which is not a good sign for the near term. After yesterday's rally today's choppiness was expected, but the last half hour decline did not add to bullish confidence. A trading range is visible with support at 8350 and resistance around 8620. We should step aside and wait patiently for Nifty to first resolve this range between 8350 and 8620.

It is likely that fresh patterns will emerge soon enough even inside the trading range, but, we have to wait it out.

A breakdown below 8350 will be a short selling opportunity, with some volume taken on the breakdown and some added on a rally. The initial stops for this trade, if it comes about should be 8450.

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 is down below 8350 and we should look for shorts if Nifty sustains below this level.

STOCK MARKET – SPOT PRICE (NIFTY: 8480.90, SENSEX: 27,957.49)



TAKING A SWING TRADE

GEOMETRIC (close at 174.55): – We had given a trade on 20 March 2015 and the trade was to buy above 177 with a stop loss of 170 and a target of 191.

The next day (March 23), price opened at 175 with 0.25 points gap up but below our entry price. We were waiting for prices to come. Finally, at 10.00 AM, price crossed 177 and we went long there. On the same day, price saw an upward move but then sliding down a little bit. But in last half an hour price had seen a sharp up move to touch our target price at 191. There was much of a volatility period throughout the day. However, in the end it gave us a profit of almost 14 points within a day.

We had also given three more trades on the same day. Trade was to buy in ALSTOMT&D and to sell in BHEL and CANBK. Target did achieve in BHEL as prices seen a decline to touch our target price while prices stopped out from other stocks like ALSTOMT&D and CANBK.

Introduction to swing trading

When a trend breaks, swing traders typically get in the game. At the end of a trend, there is usually some price volatility as the new trend tries to establish itself. Swing traders buy or sell as that price volatility sets in. Swing trades are usually held for more than a day but for a shorter time than trend trades. Swing traders often create a set of trading rules based on technical or fundamental analysis; these trading rules are designed to identify when to buy and sell a stock. It does need a market that moves in one direction or another. A range-bound or sideways market is a risk for swing traders.

IT IS ABOUT BANKS! [Bank Nifty (Spot Price): 18165.30]

A decline came in Bank Nifty and the index closed below 18200. Short term trend is down in Bank Nifty.

Next support comes at 17700 and resistance comes at 18800 in Bank Index. We should either look for short below 17700 or look for buy above 18800. We should avoid trading in this index as far as price remains in this trading range.

PSU Banks are underperforming from past few sessions. Stocks like CAN BK, PNB, UNION BK and ORIENT BANK are offering us a trading opportunity on the downside of the market.



IT WATCH [CNX IT (Future Price): 12150]

Choppy and narrow trading continued in CNX IT. The index is now trading between its support at 12000 and resistance at 12500. Intermediate and Short Term Trend is down in this sector. A close above 12500 will give us a buying opportunity in IT Stocks. A close below 12000 will give us a shorting opportunity in IT Stocks. As of now TCS and TECH M is offering us a shorting opportunity in IT 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, LUPIN, WOOCKPHARMA and AUROPHARMA are outperforming the Pharma Sector. CIPLA and SUNPHARMA is trading inside a narrow range. 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.

ARVIND – [Close (Spot Price): 261.40] – SELL

Trend is down in ARVIND. Prices have seen a minor correction and then formed a pattern of bearish flag. This pattern has broken on downside. Sell this stock below 260. If this trade executes then place your stop just above 263 with a target near 254.



CIPLA – [Close (Spot Price): 711] – BUY

Trend is up in CIPLA. Prices have seen a sharp downside move and then started trading sideways. A range has been developed inside 692 – 718. We may see a breakout soon. Buy this stock above 718. If this trade executes then place your stop just below 710 with a target near 735.



M&M – [Close (Spot Price): 1184.90] – SELL

Trend is down in M&M. Prices have seen a sharp downside move and now trading very narrow. This suggests that we may see a big move in coming days. Sell this stock below 1180. If this trade executes then place your stop just above 1210 and a target near 1120.



SRTRANSFIN – [Close (Spot Price): 1109.90] – SELL

Intermediate and Short Term Trend is down in SRTRANSFIN. Prices have seen a breakdown from its support at 1140 and moved down. After that a minor correction came and this 1140 level acted as a resistance. Sell this stock below 1100. If this trade executes then place your stop just above 1135 and a target near 1030.



Final Words

A trading range is visible with support at 8350 and resistance around 8620. We should step aside and wait patiently for Nifty to first resolve this range between 8350 and 8620.

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