

# Weekly Nifty Observer

Issue - 140

30 April to 04 May 2012

## Nifty Outlook

.....5250 and 5170 levels are trend reversal levels in short term basis next week ....

## Support

5170/5130 (5095 remote support)

## Resistance

5250/5310 (5420 remote resistance)

## Market Strength Indicators (Weekly)

14 period RSI - Down by 3.7 points from 53.09 levels previous week

14 period StochRSI - Down by 24.53 points from 24.53 levels previous week

Stochastic - Up by 9.49 points from 42.31 levels previous week

## Market Intensity Indicator (Weekly)

NFP - At premium of 20.2 points from premium of 11.15 points previous week

Volatility - Down by 0.07 points at 0.21 levels

## Open Interest (Weekly)

Cummulative OI Future -

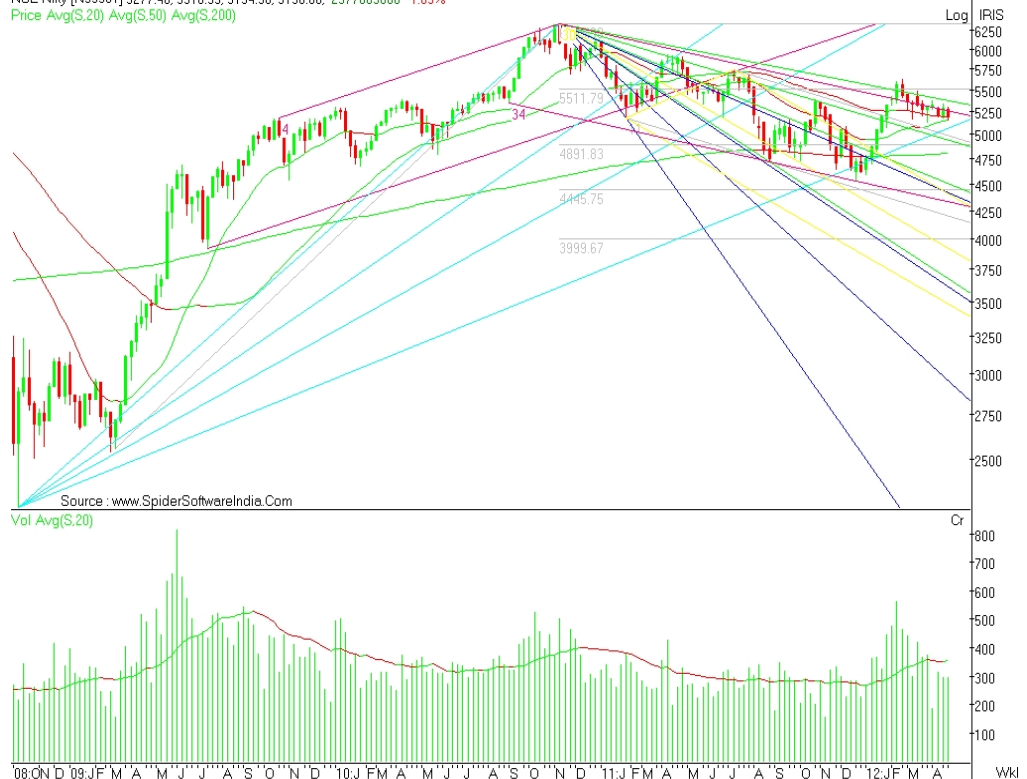
Cummulative OI Options -

OI Call -

OI Put -

## Spot Nifty Weekly Chart

NSE Nifty [N59901] 5277.40, 5310.55, 5154.30, 5190.60, 2977003008 -1.89%  
Price Avg(S,20) Avg(S,50) Avg(S,200)



## Technical Comments

Weekly Nifty closed 1.89 % down at 5190.60 levels after making high of 5310.50 and low of 5154.30 levels. It must be noted that last week Nifty consolidate around 5200 levels for whole of the week.

Since forty eight weeks, Nifty is trading below the lower part of the channel which was drawn from high of 5181.95 (week ending 23/10/2010), high of 6335.90 (week ending 12/11/2010) and low of 3918.75 (week ending 17/07/09).

Last week, Nifty manages to give closing below the upper part of the channel (5270/5250 levels). The channel is drawn from the low of 5348.90 (week ending 03/09/2010), low of 4720.00 (week ending 26/11/2011) and high of 6335.90 (week ending 12/11/2010). In next few weeks if Nifty moves inside this channel then, it will move towards the lower part of the channel below 4500 levels.

On historical weekly chart, this is seventeen consecutive week of closing above the 4th speed line (around 4700/4650 levels). Continuation of trade above it then, 5000 levels will act as important mid to long term support levels in weeks to come. The speed line was drawn from the low of 2252.75 levels (week ending 31/10/08) and high of 6335 levels (week ending 12/11/10). Only, sustainability above 4th and last speed line will open path for Nifty to move towards 3rd speed line around 6000 levels with many psychological resistance levels. The probability to move towards 3rd speed line will grow stronger with continuation of consolidation above and around 4th speed line.

Over historical weekly chart twenty eight weeks earlier, Nifty tested, but failed to sustain above the lower part of channel of Andrew's Pitchfork (around 5840 levels). The Andrew's Pitchfork is drawn from the low of 936.70 (week ending 17/04/03), high of 6357.10 (week ending 11/01/2008) and low of 2539.45 (week ending 06/03/2009).

On weekly basis Nifty was found trading above its 20 weeks SMA around 5157.68 levels, above its 50 weeks SMA around 5184.61 levels and above its 200 weeks SMA at 4805.26 levels along with fall in volume which was below its 20 weeks SMA. It must be noted that Nifty after four consecutive weeks of closing below its 200 days SMA on W-o-W basis, since last sixteen weeks it managed to close above it. LONG TERM TREND TURNED OUT TO BE BULLISH FIRST TIME IN 2012 ON W-O-W BASIS. SUSTAINING ABOVE ITS 200 PERIOD SMA ON W-O-W BASIS WILL ENSURE FOR BULL PHASE IN WEEKS TO COME.

**Next week 5250 and 5170 will act as short to mid term reversal levels. If Nifty manages to trade above 5250 levels next week it will ensure for 5400/5500 in weeks to come. If however, Nifty fails to sustain above 5170 levels next week, it will increase probability to test 5000 levels or below up to 4840 levels in weeks to come.**

**The Data:** On weekly basis, Nifty closed 1.89 % down along with 0.69 % fall in volume and fall in open position by 3.21 %.

**Interpretation of Data:** Nifty fall with fall in volume and fall in OI suggesting that the market is making its bottom and the higher probability is that the price will rise at some point forward.

Fall in Nifty with fall in open position on W-o-W basis suggests that the current fall of 1.89 % in Nifty was mainly due to long liquidation in May 12 future contracts.

**Implication of the Interpretation:** April 12 future expiry week saw a mixed response in future position build up in Nifty. Out of five trading sessions, long liquidation was observed in two trading sessions. In on trading session fresh long build up and in one fresh short build up was observed. On the first trading sessions of the May 12 future expiry which was also last trading session of the week, short covering was observed. However, on W-o-W basis long liquidation was observed.

**Next week, fresh long build up or fresh short build up will further give direction to the Nifty. Fresh long build up will result in short term bottom out from 5170/5200 levels. Fresh short build up will force Nifty to trade below 5230/5250 levels in weeks to come.**

## Global Cues

Source: Yahoo Finance

**Market Outlook** - It will be another battleground for S&P 500 index next week. Will the bears finally give up and let the bulls have their way?

**Important Indices So Far in 2012** - The S&P 500, the market's broadest measure, managed to close out the week above the psychologically important 1,400 mark for the first time since early April. But the index is still down 0.4 % for the month so far even after gaining 1.8 % for the week, with only one trading day left in April. The S&P 500, up 11.6 % for the year, jumped 4.4 % in January, 4.1 % in February and 3.1 % in March, but is down 0.4 % so far this month.

**Economic Data** - Next week's release of a slew of economic data on the U.S. labor market and the beginning of the latter half of corporate earnings will be keenly watched to see if they are enough to allow stocks to break above the recent trading range.

**April Month Job Report** - At the top of investors' radar screen next week will be the government's closely watched monthly jobs report for April, to be released on Friday. Jobs growth in March slowed to 120,000, the smallest increase since October, disappointing investors even though the unemployment rate fell to a three-year low of 8.2 %.

**ADP Employment Report** - Ahead of the government's payrolls report, investors will be watching the ADP Employment Report due on Wednesday and weekly jobless claims data due on Thursday for indications of whether the labor market is gaining momentum.

**Earnings** - Corporate earnings, which drove gains in stocks last week, will also be in focus. As of Friday, 57 % of the S&P 500 companies had reported first-quarter results. Of those 287 in the S&P 500 that had reported earnings, 72.8 % posted results that topped analysts' expectations, according to Thomson Reuters data.

**Results** - Companies due to report earnings next week include Chesapeake Energy and Pfizer Inc on Tuesday; Prudential Financial, Time Warner and Visa Inc on Wednesday; and Kraft Foods and Viacom Inc on Thursday.

**Dimon Call For Meeting** - Also on agenda next week, Jamie Dimon, chief executive of JPMorgan Chase & Co, has organized a meeting of major bank chief executives with Federal Reserve Governor Daniel Tarullo, the central bank's point man on regulation, according to The Wall Street Journal on Friday. The meeting, slated for Wednesday in New York, is expected to focus on a Fed proposal to limit banks' exposure to other firms and governments, though other regulatory concerns likely will be discussed.

## National Cues

Source: Capital Market

**Sector Movement** - Automobile and cement shares will be in focus in the forthcoming week as companies from these two sectors will start unveiling monthly sales volume data for April 2012 from Tuesday, 1 May 2012. Next week is a truncated trading week as the stock market remains closed on Tuesday, 1 May 2012 on account of Maharashtra Day.

**HSBC Manufacturing PMI** - On the macro front, HSBC's monthly purchasing managers' index, which indicates the health of the manufacturing sector, is likely to be released next week. The expansion of India's factory sector had slowed for a third month in March 2012 as growth in new orders eased and costs for raw materials kept rising. The HSBC manufacturing Purchasing Managers' Index, compiled by Markit, eased to 54.7 in March 2012 from 56.6 in February 2012.

**HSBC Services PMI** - HSBC Services PMI data is also likely to be released next week. The HSBC Markit Business Activity index fell sharply to a five month low of 52.3 in March 2012 from 56.5 in February 2012 as optimism about the business outlook in the coming year faded to its weakest level since 2009.

**Earnings** - Investors are closely watching India Inc's Q4 March 2012 and year ending March 2012 (FY 2012) earnings. Focus is on the guidance provided by the management for the year ending March 2013 (FY 2013) to gauge the earnings outlook. The combined net profit of a total of 208 companies fell a 1.6% to Rs 22874 crore on 18.6% rise in sales to Rs 216651 crore in the quarter ended March 2012 over the quarter ended March 2011. Net profit rose 11.8% to Rs 86321 crore on 27% rise in sales to Rs 802659 crore in the year ended March 2012 over the ended March 2011.

**Results** - FMCG giant Hindustan Unilever unveils FY 2012 results on Tuesday, 1 May 2012. Hero MotoCorp announces Q4 results on Wednesday, 2 May 2012. Bank of Baroda unveils Q4 results on Friday 4 May 2012.

## Analyst Certificate & Disclaimer

The research analysts, with respect to each issuer and its securities/commodities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her personal views about all of the issuers and their securities/commodities; and no part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

**DISCLAIMER:** The document is not for public distribution and has been furnished solely for information and must not be reproduced or redistributed to others. Opinion expressed is the current opinion as of the date appearing on the material only. Further, the information in the document has been printed on the basis of publicly available information; internal data and other reliable sources believed to be true and are for general guidance only but which may not be verified independently. While every effort is made to ensure the accuracy and completeness of information contained, the company takes no guarantee and assumes no liability for any errors or omissions of the information. No one can use the information as the basis for any claim, demand or cause of action. All investment information and opinion are subject to change without notice. Recipients of this material should rely on their own investigations and take their own professional advice. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment. This material is for personal information and none is responsible for any loss incurred based upon it. The investments discussed or recommended in this report may not be suitable for all investors. It should not be considered to be or taken as an offer to sell or a solicitation to buy/sell any security. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance. Certain transactions - futures, options and other derivatives as well as non-investment grade securities - involve substantial risks and are not suitable for all investors. Reports based on technical analysis centers on studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on company's fundamentals. Analyst who has issued this report, may, on the date of this report, and from time to time, have long or short positions in, and buy or sell the securities of the companies mentioned herein or engage in any other transaction involving such securities and earn brokerage or compensation or act as advisor or have other potential conflict of interest with respect to company/ies mentioned herein or inconsistent with any recommendation and related information and opinions.