

September 30, 2014

**Bottom Line:** Nifty formed an inside bar and has so far failed to take out the highs of previous day. Movement from here on will be very crucial!

**Nifty daily chart:**



### Announcement

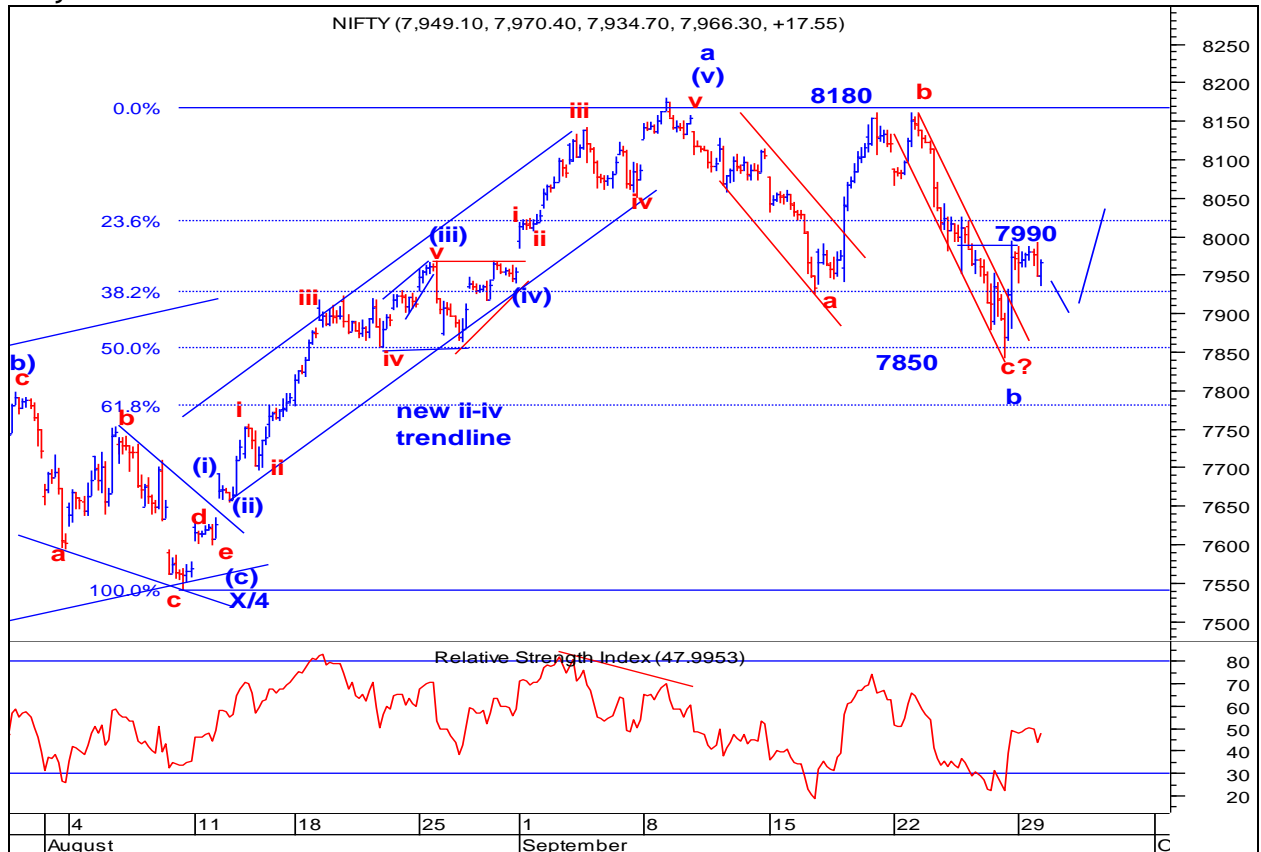
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**Nifty 60 mins chart:**



**Wave Analysis:**

In previous update we mentioned that *“In short, expect some sideways consolidation before a clear trend can emerge and 7850 - 7840 becomes extremely crucial support area. Move below this will be strongly negative but we are considering this as a lower probable scenario for now. On other hand, move above 8040 will indicate final c wave on upside has resumed!”*

Nifty continued to flirt around 7980 levels and moved within a range of 7990 and 7935. As expected prices are now consolidating before a clear direction can emerge. The Midcap and Smallcap sector showed some breather and rallied by more than a percent. The selloff seen over past few days was severe and we should see upside retracement in those stocks where the fall was sharp and impulsive. In other sectors like Pharma, FMCG, IT the trend continues to be positive.

RBI will probably maintain its status quo on the key policy rates. There is some ease in the 12 months government bond yield compared to past month but is very minor. This is hinting that there should not be any change in the repo rate. We expect reduction in policy to start from December - January 2015.

As shown on daily chart of Nifty, prices are now retesting the lower trendline of the channel and have so far failed to take out the highs of the previous bar since the top was made at 8160 levels. Unless we see a decisive close above previous day's high the sustainability of current trend will remain in question. So a close above 7990 will be required for 1<sup>st</sup> positive sign. Short term moving average (red color) is now below the longer moving average (blue color). Failure to show pull back and sustainability of negative Moving average crossover over next 3 days will be a sign of concern.

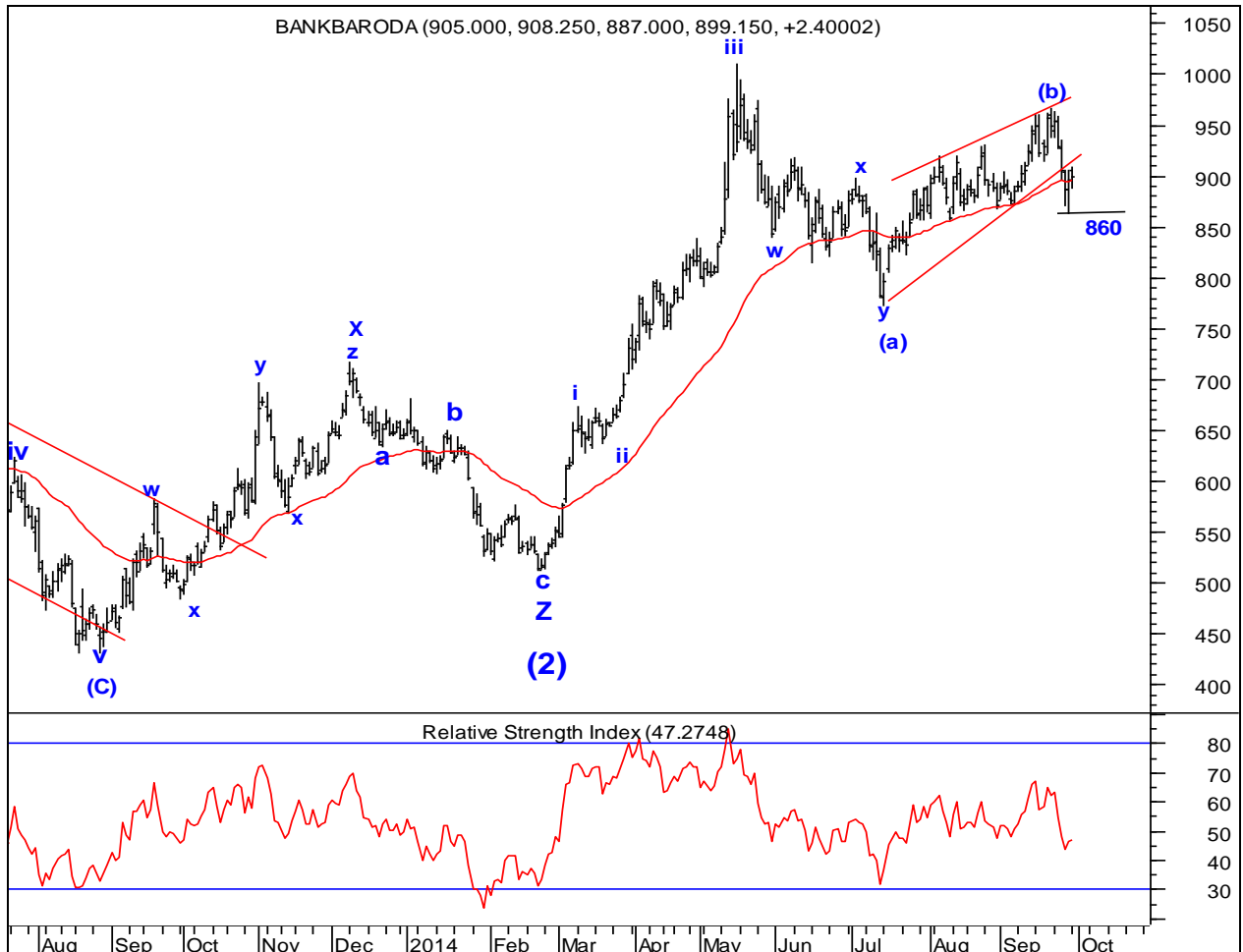
Over short term, minute wave c of minor wave b is probably complete near 7842 and this low should remain protected at least for few weeks. So, Indian markets are now at important juncture. Close above 7990 followed by 8040 will be very important for positivity whereas move back below 7850 can accelerate the selling pressure across the board.

In short, wait for the above mentioned levels to break for clear trend to emerge. We still expect an upside breakout after some minor pull back on downside but break above 8040 will be very crucial for positive confirmation! Till then trade cautiously!!

Bank of Baroda Weekly chart:



Bank of Baroda Daily chart:



Wave Analysis:

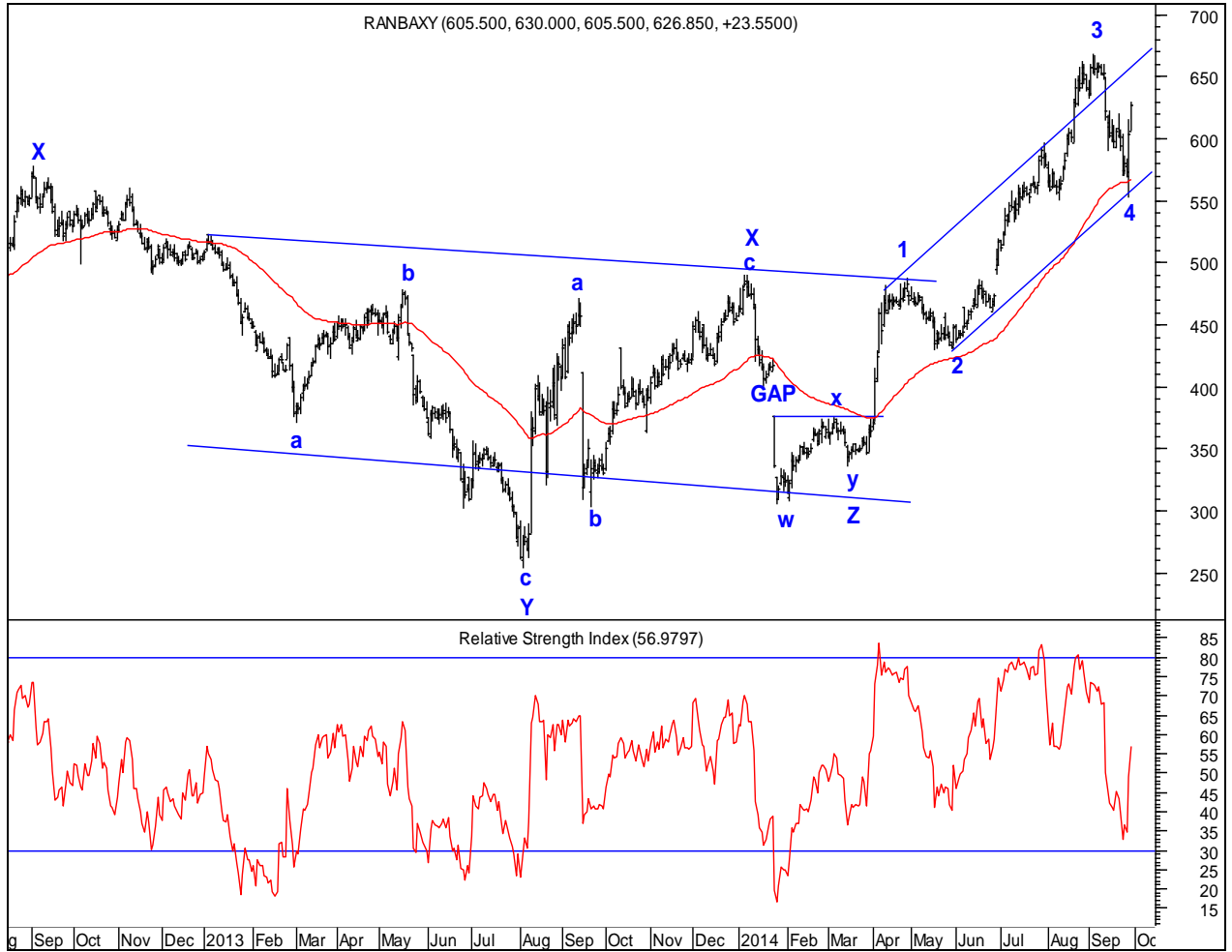
As shown in weekly chart of Bank of Baroda, stock has showed impulsive rise from March to May 2014. In the month of May 2014 prices completed intermediate wave iii at the level of 1010 and since then intermediate wave iv is ongoing. This wave iv is forming Flat correction pattern (a)-(b)-(c).

In last week's severe selloff this stock has made bearish candlestick. If we take last 3 weeks candles then it forms an "Evening star pattern" which is a bearish sign. RSI indicates negative divergence which suggests that momentum on upside is decreasing from medium term perspective.

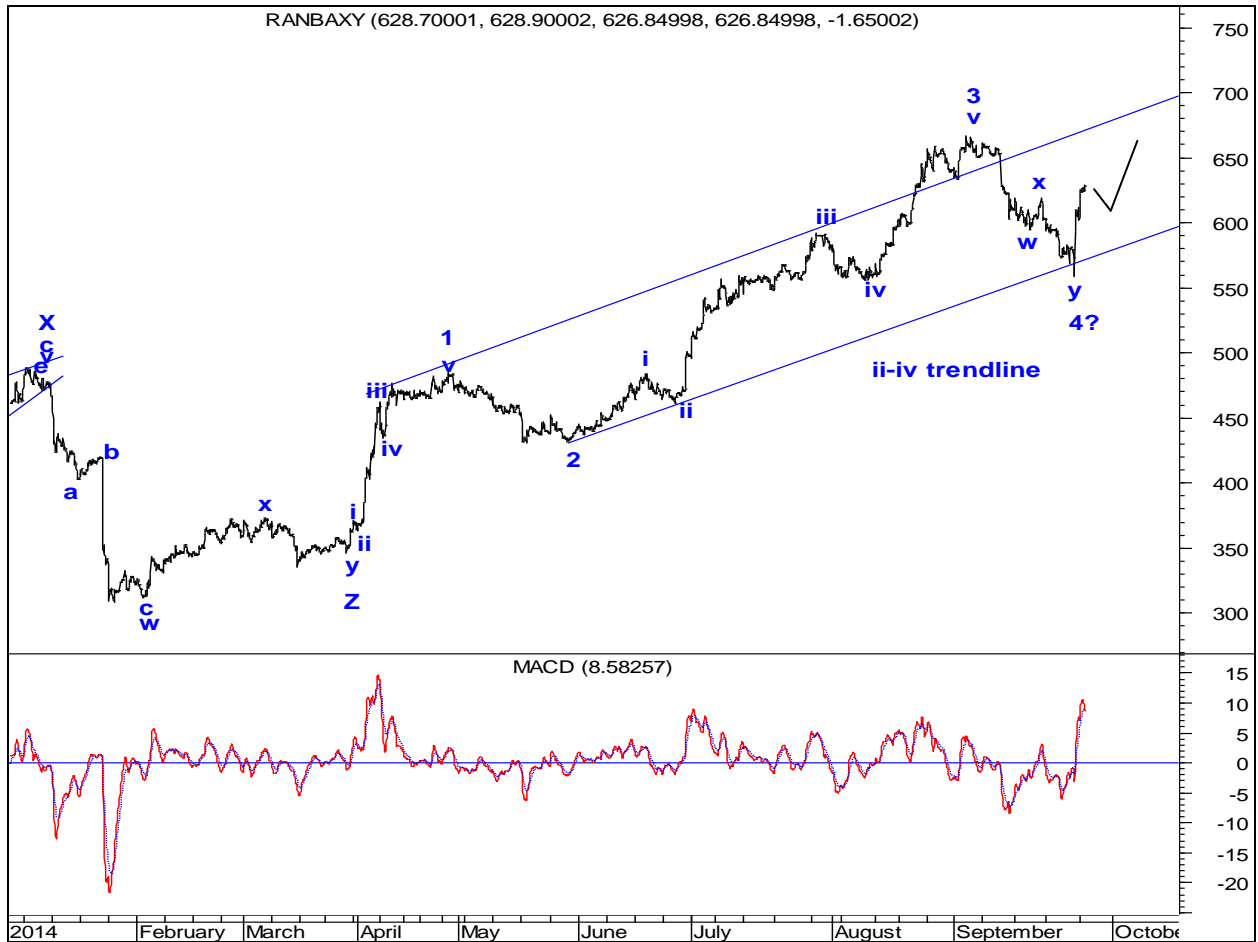
As shown in daily chart, prices have broken below the small upward moving red channel and fell sharply. Currently stock has been retracing on upside. Move below 860 will be negative sign and suggest that minor wave (c) of wave iv has started on downside.

In short, any move below 860 will take prices towards 770 levels where wave (a) completed.

Ranbaxy Daily chart:



Ranbaxy 30 mins chart:



**Waves Analysis:**

For Ranbaxy, the structure of daily chart shows that the impulsive rally for this stock began from 375 level and the prices are contained within the blue upward moving channel. The prices successfully sustained the gap up which was experienced on Thursday (25<sup>th</sup> September 2014) which is a positive sign. The exponential moving average line at the bottom is also intact which adds on to the positivity of this stock.

As shown in the 30 min chart, wave 4 completed in double correction pattern at 575 level and from there wave v is ongoing. Wave v successfully overtook the previous wave x area and has retraced the previous down move in lesser time which shows the strength of the stock and indicates positivity. MACD oscillator has crossed the signal line which is providing secondary confirmation to our positive bias.

In short, for Ranbaxy our view is bullish. Prices are expected to move to 680 level with the immediate support of 590.

TCS Daily Chart:



TCS 60 mins chart:



**Waves Analysis:**

Irrespective of market movement CNX IT continued the outperformance and currently trading at life time highs. TCS is one such stock which is still positive.

As shown in daily chart, since mid June 2013 prices are intact in big upward moving blue channel. Within this big channel, currently stock is intact in black color channel. 50 days Exponential moving average is providing good support to the uptrend started from 2200 levels. Hence from medium term perspective, one can use 2550 is the trailing stop which is coinciding with the mentioned EMA.

As shown in 60 min chart, minor wave iv completed at 2450 levels and since then stock has been moving higher in minor wave v in form of (i)-(ii) structure and as per this minor wave (iii) is ongoing on upside. On downside 2670 will act as an important support.

In short, for TCS our favored view is positive. Close above 2780 will take prices towards 2900 levels.



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