

Morning Capstocks

Daily Technical Update


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Happy Friday to everyone. I am going to keep this update short because it's Friday and I want to start my weekend early!

Before we start let's see how Cinderella's trades are performing

Stocks	Action	Initiation level	Closing Price	Gain/loss %
Jubilant Foods	Buy	1179	1132	-3.99%
JSW STEEL	Sell	620	602.10	+2.89%
DLF	Sell	182.40	184.80	-1.32%

I guess Cinderella's is still hopeful of the trades going in her favor and would like to continue with the positions for two more days. Also, locking her eyes on the daily charts of M&M, she figures that the stock is forming a complex H+S pattern and decides to sell at today's opens.

Let's see what happens to all her trades. I will keep you posted on the same.

Outlook for Friday: The slow-mo decline in stocks to continue

It's been a pretty dull week in our markets primarily due to last Friday's inflation data and on back of ongoing uncertainty in Greece. It's true we've seen plenty of spikes but the directional trend is still down. Stocks are by a large falling in slow motion.

This morning we are going to see splash of red ink all over as stocks will get dumped on fresh concerns about the health of the Spanish banks adding to existing worries about capital flight from Greek lenders. SGX Nifty at the time of writing was down 87 point at 4755.

After a lower open, all eyes will be on results due from Coal India, Hindustan Oil Exploration, State BANK Of India (SBI) and Tata Steel. SBI will be an interesting play as there was some buying seen towards yesterday's close. Meanwhile Bank Nifty has supports at 9000 and any move above yesterday's high at 9328 will indicate strength. Buying only on any strength above 9328 should be the preferred strategy for Bank Nifty.

Preferred trade on Nifty May Futures for today

Nifty May Futures (4852): Buy on early sharp dips to 4750-4770, targeting 4850 and then 4875. Stop at 4701.

Indices

Index	Last	Chg %
Dow	12442	- 1.24%
Nasdaq	2874	-2.10%
Bovespa	54039	- 3.31%
Sensex	16070	0.25%
Nifty	4870	0.25%
SGX NIFTY	4770	- 1.51%

Nifty Outlook

Short Term: Neutral
Intermediate: Negative
Long term: Positive

Nifty Outlook for the day:

Gap Down opening seen

Key Levels to Watch:

Nifty Support: 4800, 4725
Nifty Resistance: 4895, 4930

Likely range for Nifty for the day:

Nifty Range: 4725-4890

Daily Candlestick chart of M&M



Technical Strategy

M&M: 636.65

Target: 600

Sell

The stock in downward trend since 19th April 2012 and in last week has been in trading range between 640-675.

Technically, the index has broken down below its intermediate low at 628. We expect the stock to move further down towards 600. Any up move is likely to be capped at 656.

Currently the counter is trading at Rs. 636.65. We recommend initiating short positions at CMP for an objective of 600 with a stop loss above 657. Holding period 9 days.

Support : 628 & 590
Resistance : 657 & 665

International Market theme

- Wall Street slipped again on Thursday, with the Dow industrials down for an 11th out of 12 sessions, as a negative gauge of manufacturing in the Philadelphia region added to worries about Europe.
- Hong Kong shares opened sharply lower in morning session. At the time of publish Hang Seng index was trading down 1.71 pct at 18873.
- Gold: \$1574: The intraday outlook is neutral/positive with key support at 1544. Gold is still trading at oversold levels on daily charts hence a bounce likely towards 1582. Any close above 1582 will indicate strength and lead larger rebound towards 1610-1610 zone. For Today, Buying on any corrective declines to 1555-1560 should be the preferred trading strategy, targeting 1582 and then 1600. Stop at 1544.
- Crude Oil: \$ 92.52: The interweek outlook for Crude-oil is negative. Downside risk are now at 88.50. A move below 91.50 will confirm weakness. Intraday hurdles are at 94.50 zone. Selling on strength to 95-98 zone should be the preferred trading strategy, targeting 88.50 and then 82.50 with stop above 102.

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