



NSE Nifty : 5015.45

BSE Sensex : 16698.07

September 29, 2011

Indian stock markets have corrected considerably from the 52-week high. The Benchmark indices – NSE Nifty and BSE Sensex – have fallen nearly 25% from there. Even though the market bottom is not seen at this point of time, the indices are understood to have reached the first target of correction.

Market Ahead

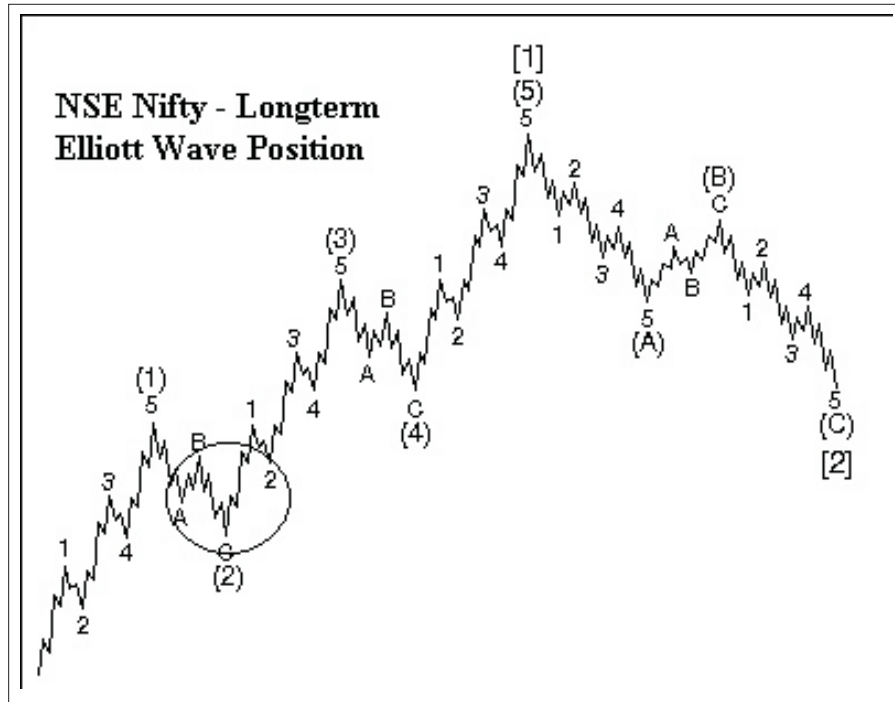
Failing the efforts for attaining a new all-time high, the market indices underwent selling – even though the triggers were fundamental. From the 52-week high of 6338, NSE Nifty dipped to 4720, which is a major support zone for the index; however, the recovery is finding pressure to breakthrough major resistance levels.

The technical indicators are yet to show any recovery in the longer term charts. MACD is still in the selling mode in both Weekly and Monthly charts, depicting a dull outlook; however the momentum of the indicators is picking up in the weekly chart. Stochastic Oscillators is also under 'bear-grip' in the monthly chart. The Money flow Index is showing some recovery, but the chance for a sustained recovery is doubtful. RSI is moving towards the 'oversold' territory in the monthly chart, indicating a possible market bottom from some lower levels (atleast). Volume indicators are still on the weaker side.

Elliott wave outlook: NSE Nifty

The Elliott wave theory suggests that the price of the financial instruments move in a cycle of five waves towards the direction of the trend and three waves against the trend, as corrective wave.

The Elliott wave analysis of Nifty, it is understood that the market is trading in the last leg of the current sell-off – but this leg has the potential to extend further down, both time wise and rate wise. Further this last is understood to form a 5-wave structure.



The major medium-term Resistance for Nifty is seen at 5250 – a close above this is not expected at this point of time; however, a close above this will possibly reverse the negative undertone. The first and critical support for the index is expected at 4680, followed by 4420 and 4220 levels – the latter being a major long-term Support level. If the selling intensifies, the Index can possibly target the lower support mentioned.



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Monthly
Technical
Notes

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