



February 2, 2011

Oil & Natural Gas Corp. (ONGC)

LTP: ₹ 1181.60

Company Details

Exchange	NSE
Scrip Code	ONGC
52-Week High	₹ 1472.60
52-Week Low	₹ 996

Strategy Summary

Entry Rate: ₹1165 or +₹1220

Accumulate: ₹1110

Target: ₹1220, ₹1255, ₹1305

Support: ₹1110, ₹1040

Technical Indications

200 Days EMA: ₹ 1245

200 Days SMA: ₹1255

MACD: Bullish

RSI: Bullish

Stochastic Oscillator: Bullish

Money-flow Index: At Critical Point

Volume: Normal

ONGC has retraced nearly 25% from the all-time high of ₹1472.60, formed in September 2010. Currently, the scrip is understood to be in a recovery phase; the recent low of around ₹1100 is a strong level for the scrip. Even though the counter has bounced back tremendously, the upside is expected to stretch further in the days ahead; any pullback towards the above mentioned level will possibly make it attractive for medium-term outlay.



Rationale for Recommendation

The technical indicators are supporting further upside. MACD has staged a bullish crossing, with momentum support, which adds to the medium term outlook. Stochastic Oscillators are in the bullish mode. RSI is above the 50-mark. The normal (atleast) volume support, when the general market was selling-off, adds to the outlook. Even though Money flow is also in the recovery, a confirmation for a sustained upside from this indicator is yet to arrive.

Considering the fact that the counter has moved up significantly (nearly ₹100) from the critical support, a single entry might not be feasible. Even though the upside is expected only if the counter trades above ₹1220, accumulation can be considered if falls to lower levels. We recommend a buy at around ₹1165 (short-term stop loss: ₹1140, not for long-term investment). Further accumulation is recommended if the scrip falls towards ₹1110, though such a fall is an extreme expectation at this point of time. The first Target / Resistance, on recovery, without another retracement, will potentially be the 200-days Simple Moving Average (200SMA) of ₹1255, followed by ₹1305. The counter has to stay above this for sustained longer term upside. The lower level support for the medium-term will possibly come at ₹1040.

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Short-term
Technical
Notes

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