



February 3, 2011

Reliance Industries Ltd.

LTP: ₹ 943.90

Company Details

Exchange	NSE
Scrip Code	RELIANCE - EQ
52-Week High	₹ 1149.70
52-Week Low	₹ 888.55

Strategy Summary

Entry Rate: ₹949 or ₹909

Target: ₹980, ₹1025

Support: ₹888-880

Technical Indications

Trend Channel: Buy

MACD: Yet to turn positive

RSI: Positive

Stochastic Oscillator: Buy

Volume: Positive

After undergoing heavy selling, crashing nearly 18% since the start of the new-year-2011, Reliance Industries Ltd. is showing glimpses of recovery. The scrip had been following a downward sloping trend channel, which has broken in the last day's trading, indicating chances for further recovery in the days ahead.



Rationale for Recommendation

Even though – as mentioned above – Reliance Industries has broken the bearish trend channel, most of the technical indicators are yet to support any upside, which is the biggest cause of concern, apart from the general market situation. The fact that Stochastic Oscillator has turned bullish, with a 'positive divergence', is the major indication of relief. RSI has pulled back from the oversold region will add to the positive undertone. Moreover, the buildup in volume to support consolidation since the recent times, supports the chances for further upside.

The critical level for further upside is expected to be ₹949 – If trades and sustains above this, Reliance Industries will possibly target the first resistance of ₹980 in the days ahead. The upside resistance is seen at ₹1025 – this is the 200-days moving averages. The first support for the counter is seen at ₹909, which, in case of a retracement, can be considered as an entry level, even though the potential risk is high. Considering the fact that the general market (NSE Nifty) is also at a critical point, adds to the cause of concern; therefore, holding the position if closes below the recent low of ₹888-880 is not advisable atleast for the medium/short-term.

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Short-term
Technical
Notes

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