



February 3, 2011

Reliance Infrastructure Ltd.

LTP: ₹ 704.35

Company Details

Exchange	NSE
Scrip Code	RELINFRA - EQ
52-Week High	₹ 1224.00
52-Week Low	₹ 677.10

Strategy Summary

Entry Rate: ₹710

Critical Level: ₹725

Target: ₹745, ₹775-800, ₹895

Support: ₹675-665

Technical Indications

Candlestick Pattern: Buy

MACD: Turning positive

RSI: Positive

Stochastic Oscillator: Buy

Volume: Normal

Reliance Infrastructure Ltd. is one among a few front-line shares which witnessed persistent downside, despite of the last year general bull-run. The counter has retraced nearly 52% from the 2009-peak and 45% from the mid-2010 peak. At current levels, the scrip is showing potentials for some recovery (atleast).



Rationale for Recommendation

Reliance Infra, at this point of time, is understood to be trading near a major support / Target of the sell-off. Even though the fundamental factors (which are the cause of concern for the scrip) are yet to support, the counter is expected to make a pullback in the days to come.

MACD is picking up momentum, though the confirmation is yet to receive. The Stochastic Oscillators have registered a bullish crossing – that too with a 'positive divergence', supporting chances of a turnaround. So is RSI-14 which seems to be reversing from the oversold territory. Volume is somewhat normal. Slight improvement is visible in the money flow, which is another supporting factor. Adding to this is the candlestick pattern, which has formed a bullish engulfing pattern in the last day's trading.

Considering all these, we recommend a BUY in Reliance Infra if trades above ₹710, even though the upside gets confirmed only if it closes and remains above ₹725. The first target is expected to be ₹745, followed by ₹775-800. The scrip has to sustain above the second target for a sustained upside; in which case the medium-term resistance will be ₹895. However, given that the risk potential in the present market situation and the nature of the fundamental news-flows in this specific company group, the downside risk is not fully ruled out. Therefore, holding the scrip if closes below the critical support of ₹675-665 is not recommended atleast for the medium-term.

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Short-term
Technical
Notes

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