

## The Professional Ticker Reader™

Your accurate, authentic and affordable guide to investing

March 18, 2004

### Market outlook

The markets have turned distinctly bearish over the past few sessions and as we have been advocating in our online, offline and media shows, the outlook in the near term is weak. While we do not feel the markets are outright bearish for the long term investor, we feel the short term outlook has become nervous. It is a matter of perspective – a short term player can short sell the markets and the long term player can look for entry levels.

The stocks chosen below are all index composites and the sum total of all these stocks will determine the market outlook, all the more reason to keep a keen eye on them !! To keep the report simple, we have laid a greater emphasis on graphics.

### ACC



The stock has just violated the short term bullish wedge - a sign of advance breakdown or a bullish failure. We feel the 250 – 255 levels will be a crucial resistance that the scrip maynot be able to surpass. Selling short at these levels is advisable. However, a sustained closing above the upward sloping trendline is a sign of the scrip clawing upwards. The short term moving averages will be a good resistance ( and stop loss ) for bears at the 260 mark.

## Bajaj Auto



Bajaj Auto is moving within a bearish channel which is valid since the last 3 months. The only consolation about this scrip is that the channel is too recent and the fall too steep. However, mark the trading range for now – 765 to 890 in the coming 3 weeks. A breakout / breakdown is needed to modify that view. Till then, continue trading between the two trendlines.

## Bharati Televentures



The scrip moves within a trading range of 160 – 142 and a fall below that short term pattern indicates a fresh weakness in the short term. A fall to the 130 levels is not ruled out and the 145 levels a stop loss level for short sellers. This scrip is unlikely to show excessive bearishness as per the current picture.

## BHEL

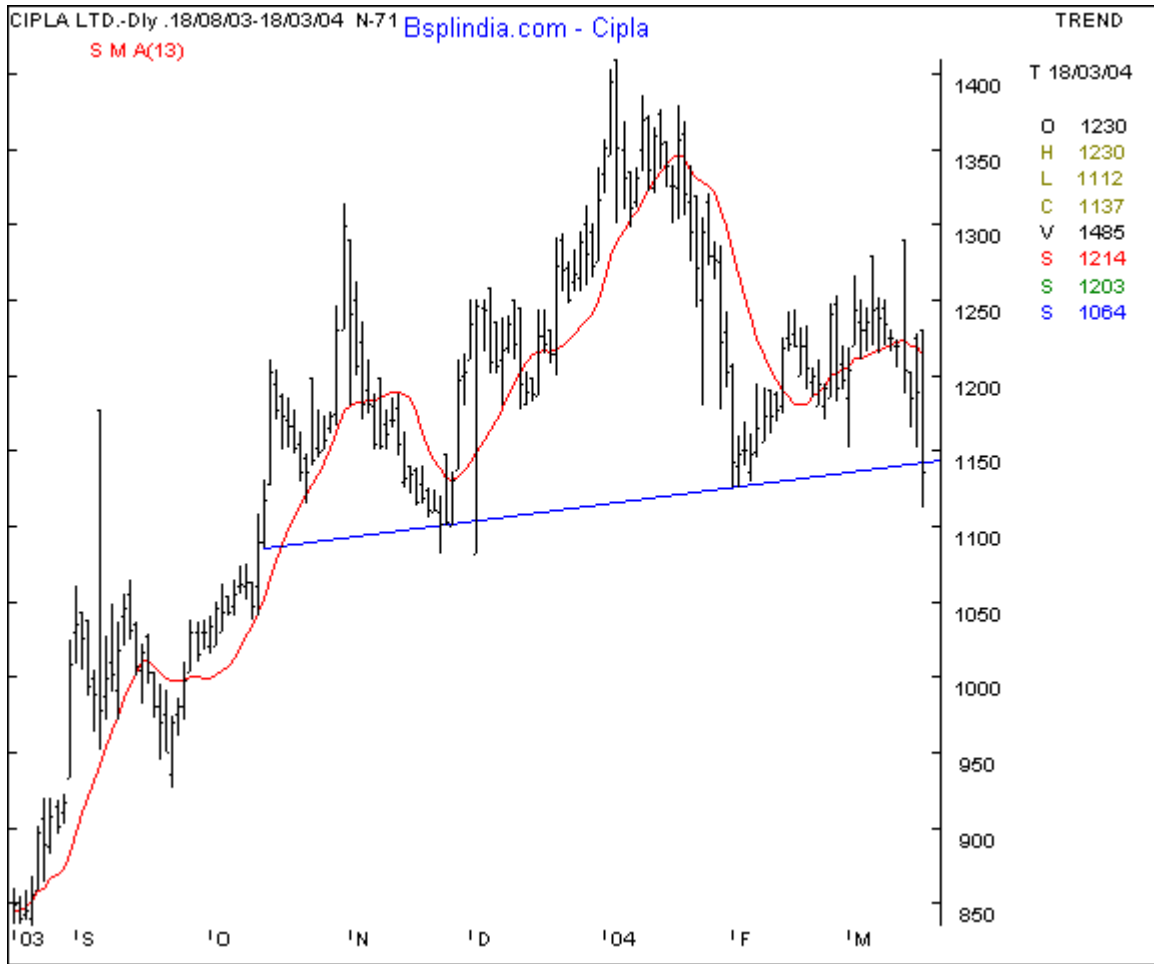


Another Index scrip which has been moving within a range since a quarter. Any sustained closing below this level and the scrip is a good short sale with a stop loss at the 575 levels. In a panic bottom scenario, a level of 520 – 525 is not ruled out.

# BPCL

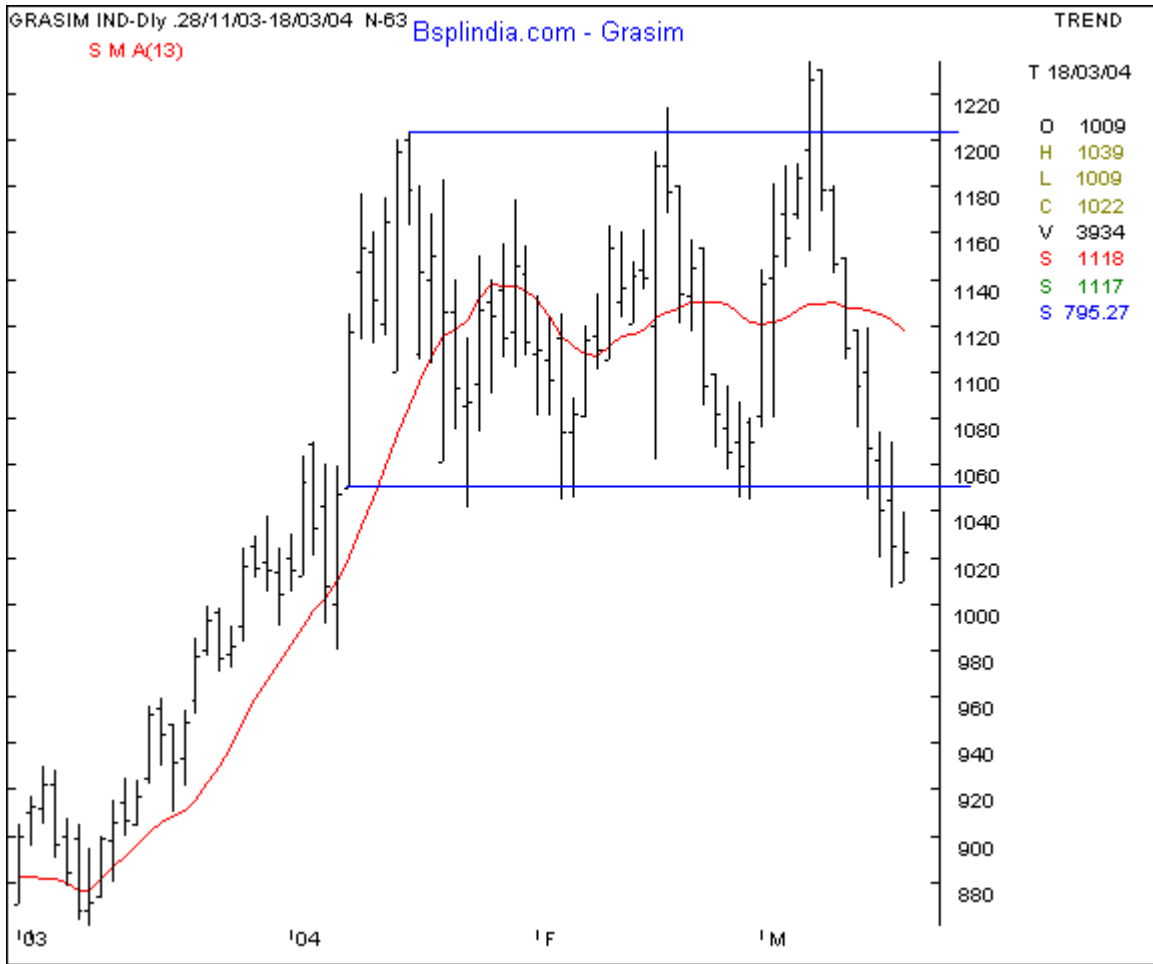


Another classic wedge formation and a movement that suggests a building up of weakness. A sustained closing below the 440 mark will see a flurry of selling and a 5 - 7 % drop in the short term is likely to ensue.



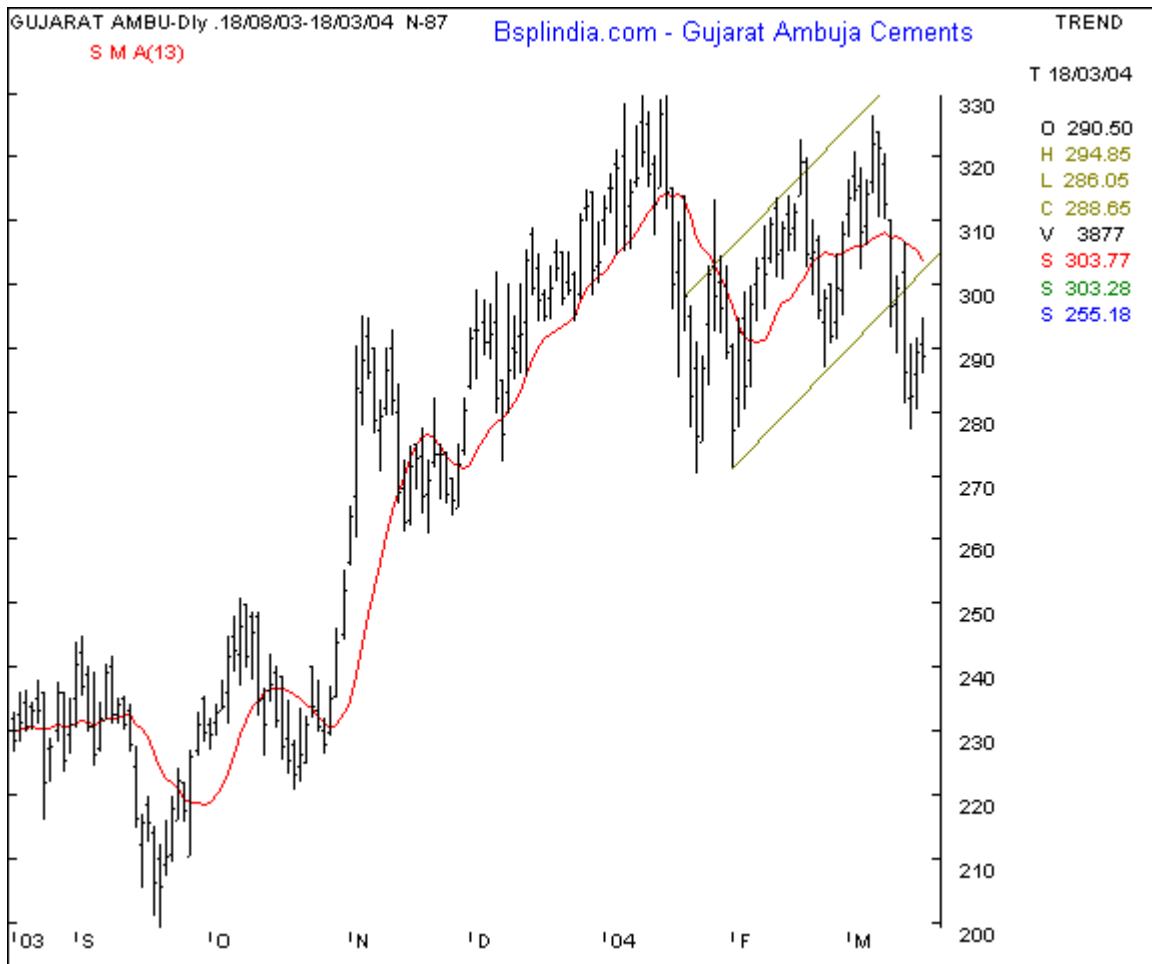
One of the most potent formations is the head & shoulders pattern and the scrip shows a classic text book sample of this formation. Should a sustained closing below the 1110 be seen, we expect the 1000 levels to be a reality in the coming quarter or less. 1170 would be a liberal stop loss to keep.

## Grasim



This scrip is making two formations into one – head & shoulder and the classic channel. The channel bottom is violated and the bearishness is confirmed. The 1060 is a resistance that the scrip maynot surpass easily and should be a stop loss level in the near term. We expect the 950 – 960 levels as the immediate target.

## Gujarat Ambuja Cements



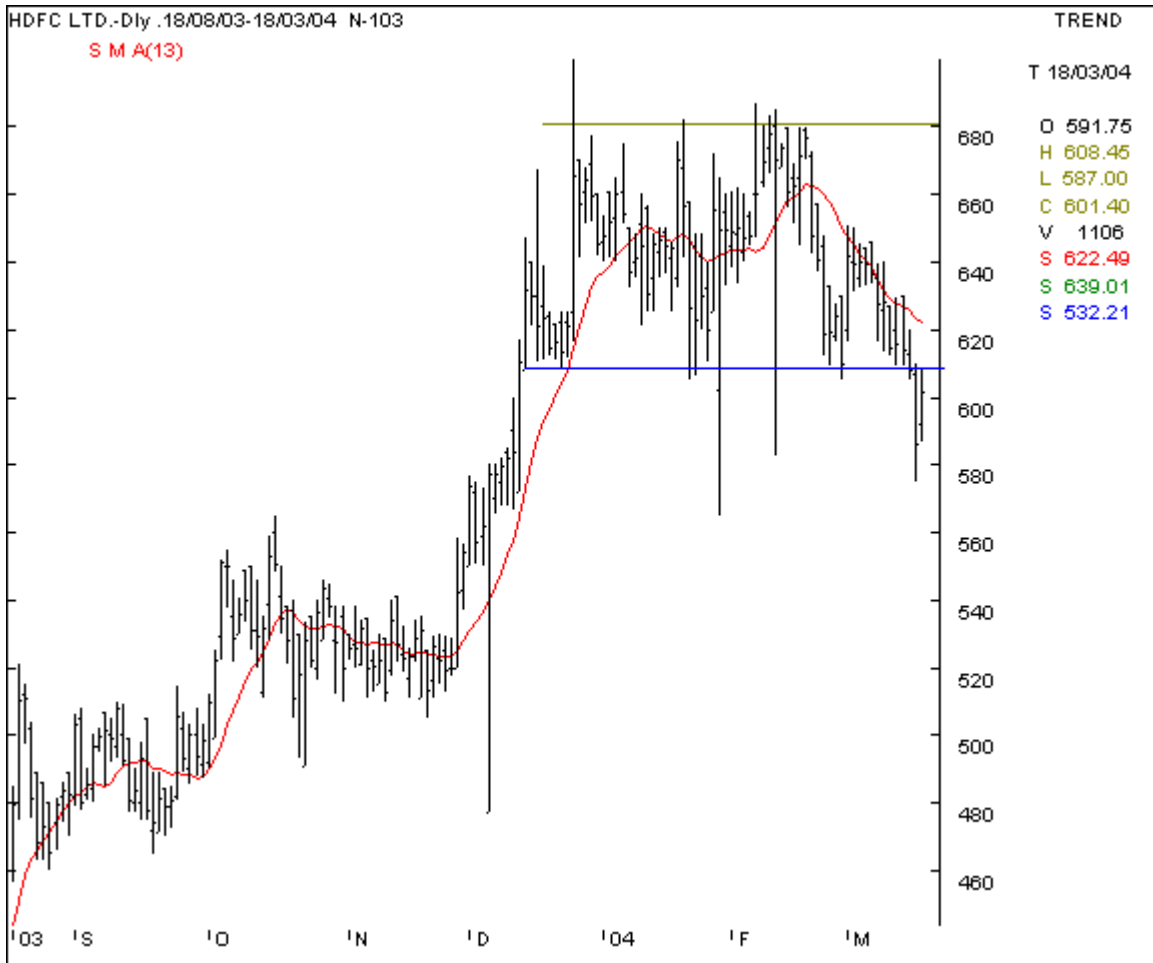
Failure of a bullish channel and a small pullback upwards - a classic bear trap formation. Watch the volumes and price correlation for a confirmation. In an ideal scenario ( indices plummeting lower ), this scrip will see the 260 – 265 levels in a hurry.



## HCL Tech



Another downward sloping channel and a Index heavy-weight stock that will lend bearish impetus to the markets. The 280 levels represented by the 13 day average will be an effective resistance and a stop loss level for bears to go short with. Your target is the 245 – 250 levels.



This counter has seen a channel movement and a breakdown below the same. Barring the poor traded volumes, the stock is a good short sale candidate and the immediate target is the 550 mark.



This scrip has given a sell signal after violating an upward sloping channel. The 425 – 430 levels maybe a possibility and a resistance at the 480 levels will be a formidable one.

## ICICI Bank



This scrip has broken a downward sloping channel and also made an upward sloping head & shoulder formation. Since the H&S is a measuring move, we expect fall on ICICI Bank to take the scrip to the 250 – 260 levels in a weak market.



Infosys has been on our radar for some time and we have been advocating a sell on the counter. Moving within a downward sloping channel, this scrip is in a bear grip and as long as it stays below the 5350 levels, do not expect reversal. We expect the 4800 levels as the interim target with a possibility of the 4600 levels being fair.



This scrip is in a bullish wedge and the 600 levels are a formidable resistance that the stock needs to surpass to be able to signal a bullish trigger. On the flip side, the 550 – 545 support is a crucial one as the scrip is likely to see a free fall if the closing is consistently below 545. Expect the 515 – 520 levels to be the next support in a weak market.



One of the strongest scrips in the indices, this counter has a crucial channel formation with the 510 levels being an all important resistance and 440 being an all important support. A sustained closing below that level and the scrip may see a rapid fall to the 410 – 420 levels in a weakening market. A stop loss at the 462 is recommended.

## Reliance Inds



This scrip has been a major thrust for the markets and has led the rally from the front. The falls are likely to be equally vicious and the combination of the head and shoulder formation along with a channel at the significant high point of the current rally are a telling picture. The scrip has confirmed both these formations and is headed for the 495 – 500 levels in the near term.





This counter has been another focal point with us and the downward sloping channel is a telling picture. There is a difference between Infosys and this counter. The bearishness in Satyam is confirmed upon a break below the 288 levels and the same is marked with a blue trendline on the chart above. Once a consistent close below the 288 is achieved, expect the 275 – 269 band to come about. On the higher side, only above 312 will the bearishness be considered as reversed.



The counter is moving in a wedge and what seemed like a breakout ( no trade was initiated as our criteria of a close above 640 was not fulfilled ) has turned out to be a bulls' nightmare. Any close below the 550 will see a slide possibly upto the 530 mark in the short term. A stop loss at the 565 maybe maintained on short sales.

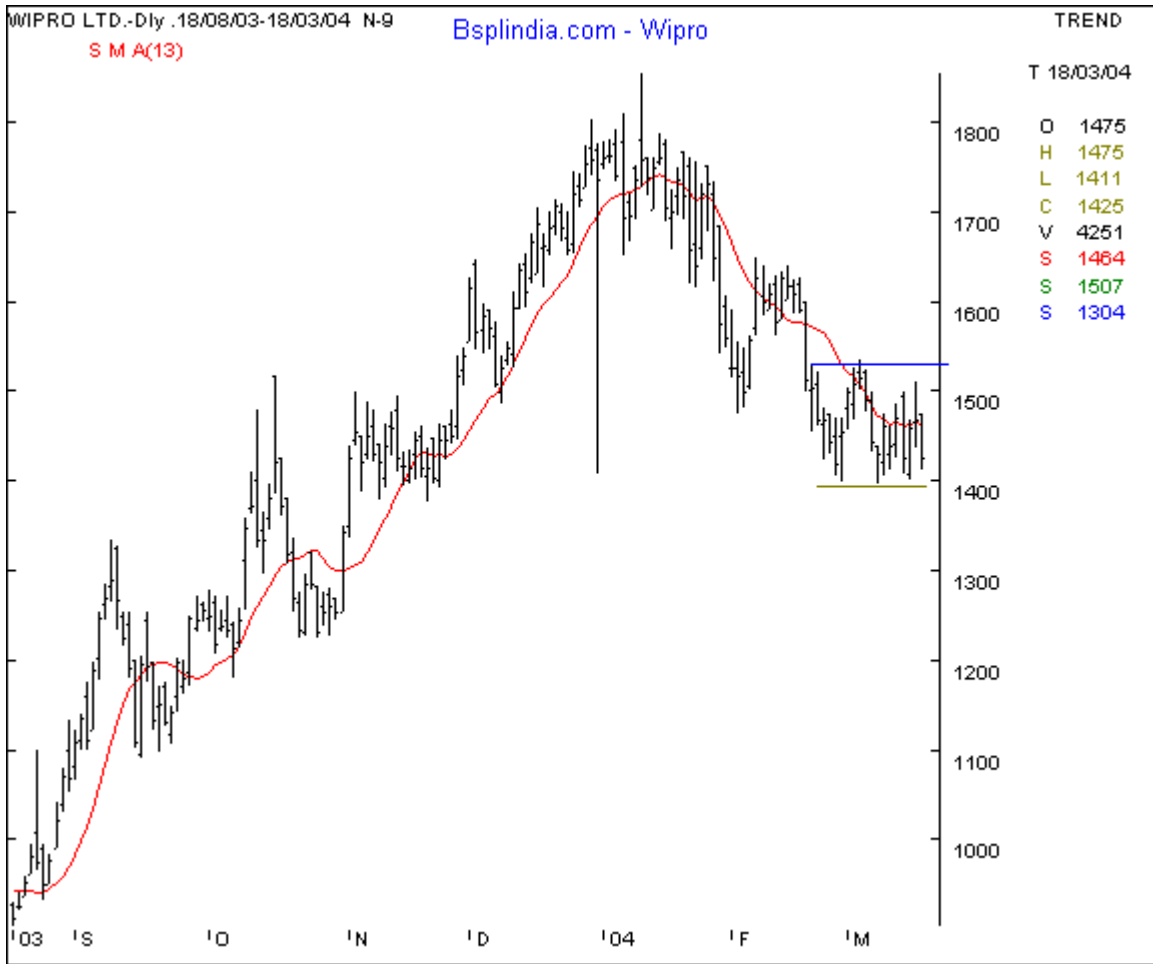
## Shipping Corp



Another story of a downward sloping channel and a picture of bearishness. We do not advocate initiating short sales as the scrip is near the lower band of the channel. However, all advances above the 140 mark are selling triggers for bears. A stop loss maybe kept at the 152 levels and a price of 120 – 125 maybe expected.



This counter has been often recommended as a sell and quite profitably too. As can be seen, the wedge has been clearly violated and the 380 support is being tested. Our first target of 380 is achieved and the fresh level is 370. A pullback may occur upto the 400 – 410 where the stock is a fresh sale / short sale. A stop loss at the 420 levels would be in order.



This counter is an index heavy-weight and is in a short term channel wherein the 1390 levels will be a crucial indicator of the bearish trend. Any consistent close below that level and a 3 - 5 % fall in a hurry is possible. A stop loss at the 1415 is advocated.

Have a profitable day

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