

Nifty weekly Report 03rd Nov 2008

WHAT A WEEK!!!! Sensex jumped 1,086.99 points, or 12.49%, to 9,788.06 in the week ended Oct. 31, 2008. On the other hand, the broad based NSE Nifty surged 301.6 points, or 11.67%, to 2,885.60 in the same period. Mid-cap index gained 104.34 points, or 3.37%, to 3,200.02 in the week, while small-cap index rose 103.28 points, or 2.82%, to 3,765.11 during the week.

Governments round the globe are cutting interest rates to infuse liquidity and support financial markets. After infusing Rs 1, 85,000-crore liquidity into the banking system, the RBI effected yet another 100 basis points cut in cash reserve ratio (CRR) and a 0.5 per cent reduction in key short-term lending (repo) rate, signaling softening of interest rates to prop up growth.

The one percentage point cut in CRR, the amount which banks have to park with the apex bank, has been brought down to 5.5 per cent to infuse additional liquidity of Rs 40,000 crore into the system.

The CRR cut will be in two tranches and the first one of 0.5 per cent will be effective retrospectively from October 25 and the second from November 8.

The wholesale price index (WPI) Inflation declined further to 10.68% for the week ended Oct. 18, 2008, as compared to 11.07% in the week before, due to lower prices of fuel and manufactured goods.

If you remember our last report nifty made a low in our support zone 2285 to 2180. Also as we told in our last report that if nifty cross 2775 it will reach 2900-3040.

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Figure: 1 Source: Quote Centre, Period: Weekly

WEEK A HEAD

This week global markets rallied around 12 % our market also followed them. This can be termed as relief rally after shedding 30 % in this month. Technically we cannot certainly say markets have bottom out but we can expect this rally to continue for first half of coming week. Pivot for market this week is 2686 above which market is on bullish mode below which it will be in bearish mode.

Overall in short term market is in bearish mode. Recovery expected in first two days. Higher levels should be used to lighten your commitment and fresh shorts can be made at higher levels .3130 is very crucial resistance for nifty for this week.. It will continue to be bear market until it crosses 3130 and close above that.

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Support Area:

Nifty having immediate support at 2670 level and below this 2490 is the support zone for market, but if market will not able to hold these levels than it may test its previous low 2250.

Resistance Area:

Nifty facing resistance at 3130 level above this level Nifty can go up to 3540 level.

RELATIVE STRENGTH INDEX:

RSI comes at level of 28.04. This is highly oversold condition for market. This indicates huge selling pressure in market and it may remain in this condition for next few weeks.

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