

Indices	Last Close	% chg over previous week	Short-term view (up to 1 week)	Comments (stocks in line with short term view)
BSE Sensex	16,994	+3.43	Side ways with upward bias	
NSE NIFTY	5,088	+3.37	Side ways with upward bias	
BSE Midcap	6,735	+5.27	Side ways with upward bias	
BSE Smallcap	8500	+5.37	Side ways with upward bias	
BSE 500	6,775	+3.94	Side ways with upward bias	
BSE Auto	7,553	+5.33	Side ways with upward bias	
BSE Bankex	10,199	+3.76	Side ways with upward bias	
BSE Capital Goods	13,885	+3.04	Mildly Bearish	
BSE Consumer Durables	4,128	+3.17	Neutral	
BSE FMCG	2,783	+4.54	Neutral	
BSE Health care	5,050	+2.81	Side ways with upward bias	
BSE IT	5,229	+1.04	Mildly Bullish	
BSE Metals	17560	+7.07	Side ways with upward bias	
BSE Oil and Gas	9767	+1.78	Side ways with upward bias	
BSE Power	3088	+4.22	Side ways with upward bias	
BSE PSU	9324	+1.19	Neutral	
BSE Realty	3460	+6.89	Side ways with upward bias	
BSE Teck	3256	+2.42	Mildly Bullish	

**Summary**

- The Sensex has filled the downward gap and thus nullified its bearish implication.
- For the last four consecutive sessions, the Sensex is making “Higher Highs” as well as “Higher Lows” which is a bullish indication and unless it stops making a new high on intraday basis, the bullishness, which has started from 16,167 will continue. We could see the Sensex rising towards the earlier high of 17,790.
- The Sensex has made a base at 16,167 for four consecutive sessions and as a result of this, the Sensex has rallied upto 17,098.
- For the last four trading sessions, the Sensex has risen from 16,167 to 17,098 which makes it overbought and thus we expect a correction of 200 points within a day or two.

**Week Ahead**



On 22nd January 2010, the Sensex formed a bearish western gap down on the daily chart. For the last 28 trading sessions it remained unfilled. On 5th of March 2010, this gap got completely filled and thus the bearishness created by this gap got negated.

According to Technical Analysis, whenever a downward gap is filled, the index/stock should close above the gap area so that the effect of that gap is totally nullified. In our case, the first stage of filling the gap completely has taken place but once the Sensex closes above 17,025 then the effect of the gap will not be there.

As can be seen from the chart above, the Sensex is trading well above the 8 days (Short term) as well as 25 days (Medium term) moving averages which is a bullish indication.

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In technical analysis gaps are of immense importance as they tell you the current conditions of the market. By filling the western gap down completely, the Sensex has nullified the long term bearishness created by the gap.

In technical analysis there are three steps of occurrence as follows;

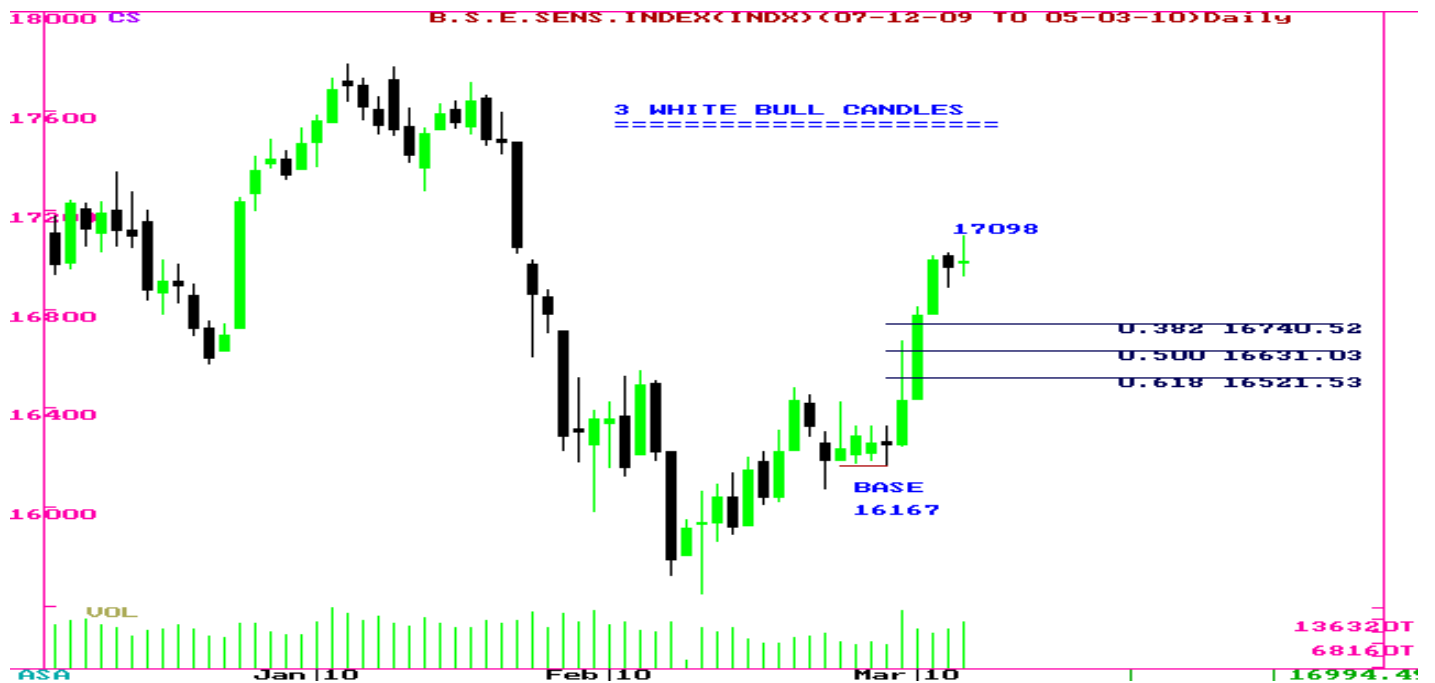
- Step 1: Entering the gap area
- Step 2: Filling the gap completely
- Step 3: Closing above the gap area.

In our case, step 2 has taken place on Friday 5th March 2010. The Sensex has filled the gap completely but closing above the gap is still left. Once the Sensex closes above 17,026, then the uptrend will have more conviction.

The Sensex on the daily charts has formed “Long Legged Doji” which suggests temporary easing out of the situation as in our case we were in an uptrend. So we expect the Sensex to take some breather before moving further up.



On the weekly chart, the Sensex has formed a Belt Hold Line Bull pattern which means that the bulls are dominating at this juncture.



From 19th February 2010 to 25th February 2010 (for 5 trading sessions), the Sensex formed a base at 16,167. After this, the Sensex formed “3 White Bull Candles” and the Sensex for the last 2 trading sessions is moving side ways after a rise. After the filling of the gap it was expected to take a breather and move sideways. The Sensex is showing strength as no previous low is breached. In case of correction if any, 38.2%, 50%, 61.8% of the current up move, which started from 16167 to 17098 should be considered (values being 16,740, 16631 & 161522 respectively).

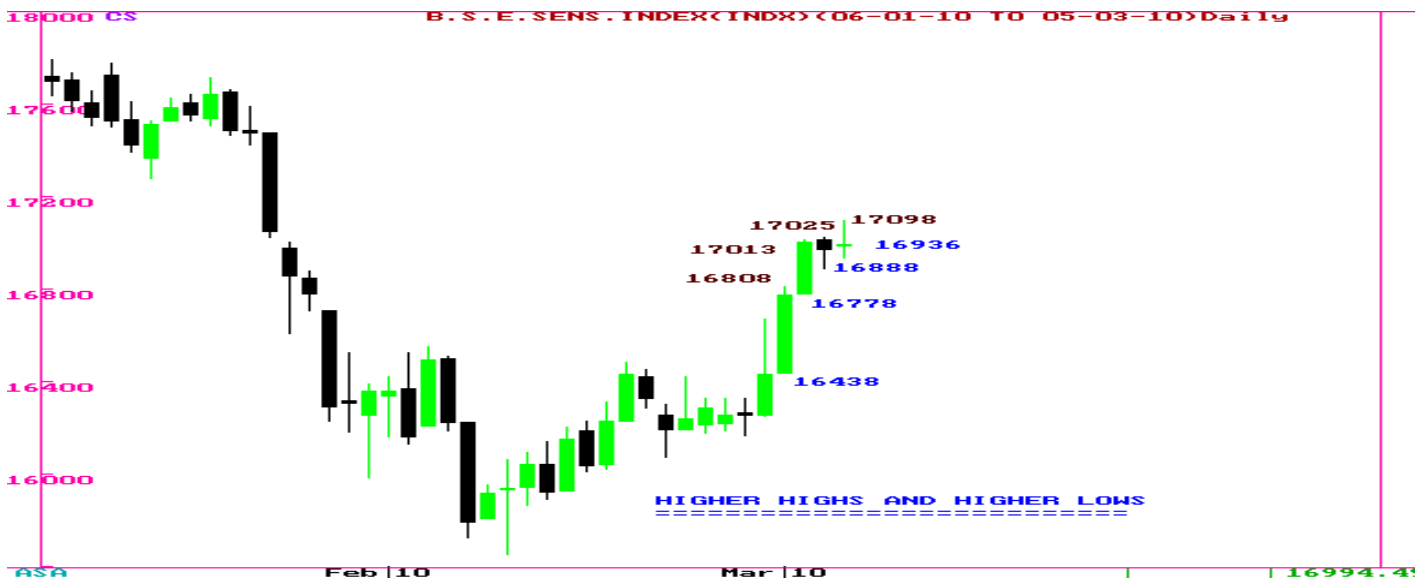
**Oscillators:**



Oscillator	Current value	Average value
MACD – 9days	138.70	65.39
RSI – 14 days	63.16	53.66
ROC – 10days	4.08	2.90

As can be seen from the above table, all the oscillators are well above their current moving averages which is a bullish indication.

**Week Gone By:**



On Tuesday, March 02 2010, the Sensex opened at 16,438 and the intraday low was the same. So it formed a shaven bottom on daily chart which means that the bulls were in total control. It made an intraday high at 16808 and finally closed at 16,773.

On Wednesday, March 03 2010, once again it formed a shaven bottom at 16,778. The Sensex made an intraday high at 17,013 and finally closed at 17,011.

On Thursday, March 04 2010, Sensex opened at 17,014, made an intraday high at 17024.96 and finally closed at 16,972.

On Friday, March 05 2010, the Sensex opened at 16,988, made an intraday high at 17,098 and thus filled the downward gap completely and finally closed below the gap area at 16,694.

**Sectoral Indices**

**BSE Auto Index**



On 5th January 2010, the BSE Auto index made a new all time high at 7669. From there, it started coming down. After registering an intermediate top at 7607, on 19th January 2010, it made a final bottom at 6722 on 5th February 2010. This intermediate bottom was tested on 24th February 2010 with the BSE Auto not breaching 6722. Instead it created a “Higher low” at 6795. Then onwards for the last 6 trading sessions, it continued rising, On Friday, 5th March 2010, it made an intraday high at 7613.

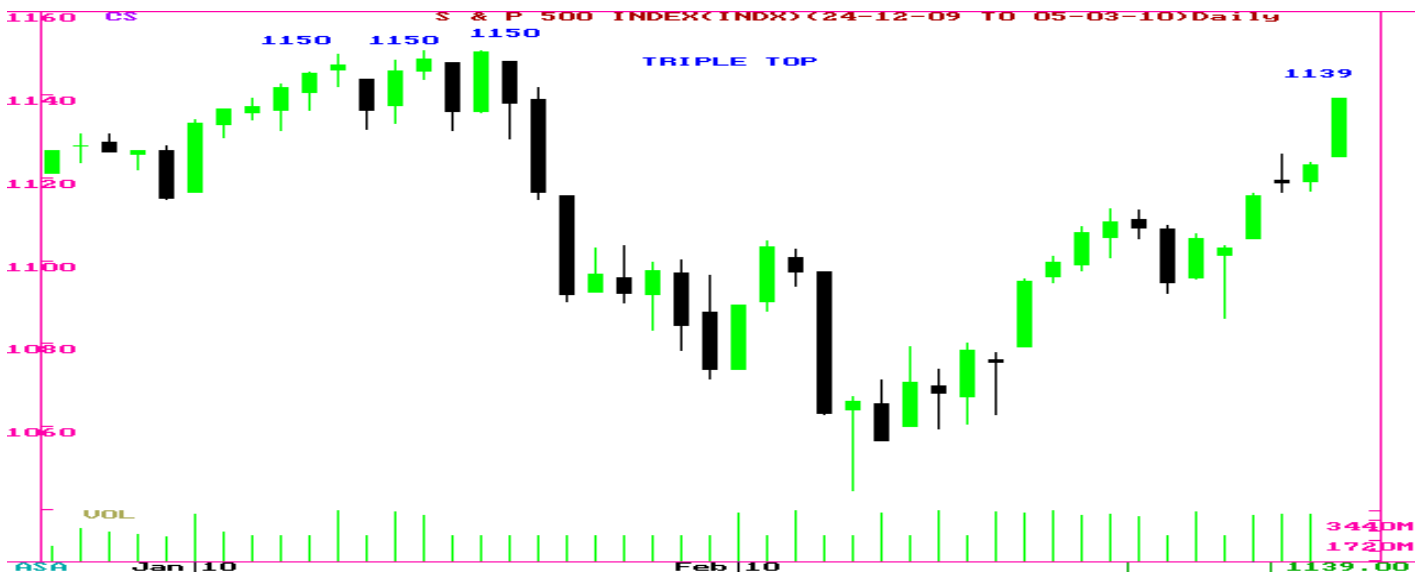
The move from 7607 to 6795 took 25 days and it got retraced in nearly 6 days. This concept is known as “Faster Retracement” in technical analysis, which is a bullish indication. Temporarily, the BSE Auto Index has become overbought after rising for the last 6 days in the current rally. Tata Motors is the leader. The BSE Auto index is heading towards the all-time high of 7669 in days to come.

**BSE Bankex**



In the last 6 months, the downward sloping red dotted trend line was acting as a major resistance. On Friday, 5th March 2010, this trendline was breached decisively and presently Bankex is trading above the trend line. Once BSE Bankex stabilizes above this trend line, we can expect further upside to 10,700 level in days to come.

### International Indices:



After making a “Triple Top” at 1150 on 11th January 2010, the S & P 500 came down for 13 trading sessions, which is a Fibonacci number. For the last 17 trading sessions, it is in an uptrend. On Friday, it formed a large bull candle and once again it is approaching the 1150 level.

### Stock Picks



**Name:** ALKALI METALS

**CMP:** Rs. 120

**Recommendation:** Buy between Rs. 124 to Rs. 115

**Target Price:** Rs 145

**Stop Loss:** Rs 104 on closing basis

**Time Period:** 1 week

**Explanation:** On 16<sup>th</sup> December 2008, Alkali Metals made an all-time low at 107. On 23<sup>rd</sup> February 2010, this all time low was marginally breached, with the stock making an intraday low at 98 and formed double bottom like situation on Friday 5<sup>th</sup> March 2010. This stock has risen with massive increase in volume as the volumes were Thursday 22,569 Friday 420,550

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