

Event volatility is continuing on Nifty. Upgap of 10975 filled intraday, but Nifty has bounced up. Index has found support at 38.2% retracement level of last internal rise started from 10404 to 11171. Key support is placed at 10878. Until Nifty closes below this level, index could rise another 3-4 days towards 11200 – 11400 band till RBI policy date (Feb 07).

Post policy or after a new life high (above 11171), index may give up the gains and start falling. Keep in mind we may be in last rising leg that can end anytime.

Overall maintain mildly positive bias till RBI policy towards 11200 – 11400 “**Band**” with stoploss of 10878. Any break below support or after reaching above said upside band, turn negative for correction of .600 -1000 Nifty Points.

Booking part profits on investment positions and raising cash in this period is recommended.