

April 3, 2017

# Weekly Technical

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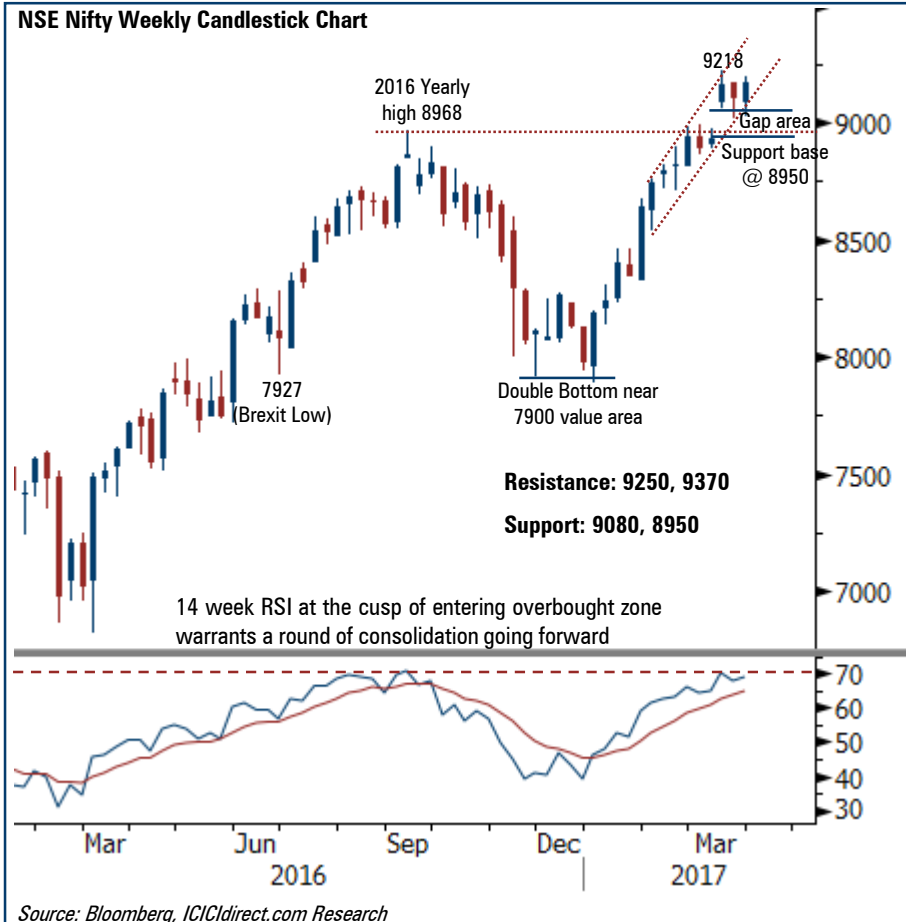
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# Consolidation to extend in truncated week...

Equity benchmarks settled marginally higher after witnessing a pullback post the initial slump led by strength in the rupee to a 17 month high against the US\$ on strong FII flows and passage of GST bill in parliament. The Sensex rose 199 points or 0.67% to 29620 while the Nifty gained 65 points or 0.72% to 9173. Broader markets outperformed the benchmarks as the BSE midcap and small cap indices rose 1.8% and 2.5%, respectively.

The weekly price action formed a bull candle that is largely confined within previous week's high/low range as the index protected previous week's low (9019) and managed to post all-time high closing (9173). However, the current pullback lacks the requisite momentum as index has taken seven trading sessions to retrace the preceding four session decline. The slower pace of pullback confirms our view of pause in the prevailing uptrend and indicates continuance of range bound consolidation in the upcoming truncated week. We expect the index to consolidate between the broad range of 8950 and 9250 in the short-term amid lack of directional triggers. We expect stock specific action to remain in focus going forward ahead of the onset of quarterly earnings season

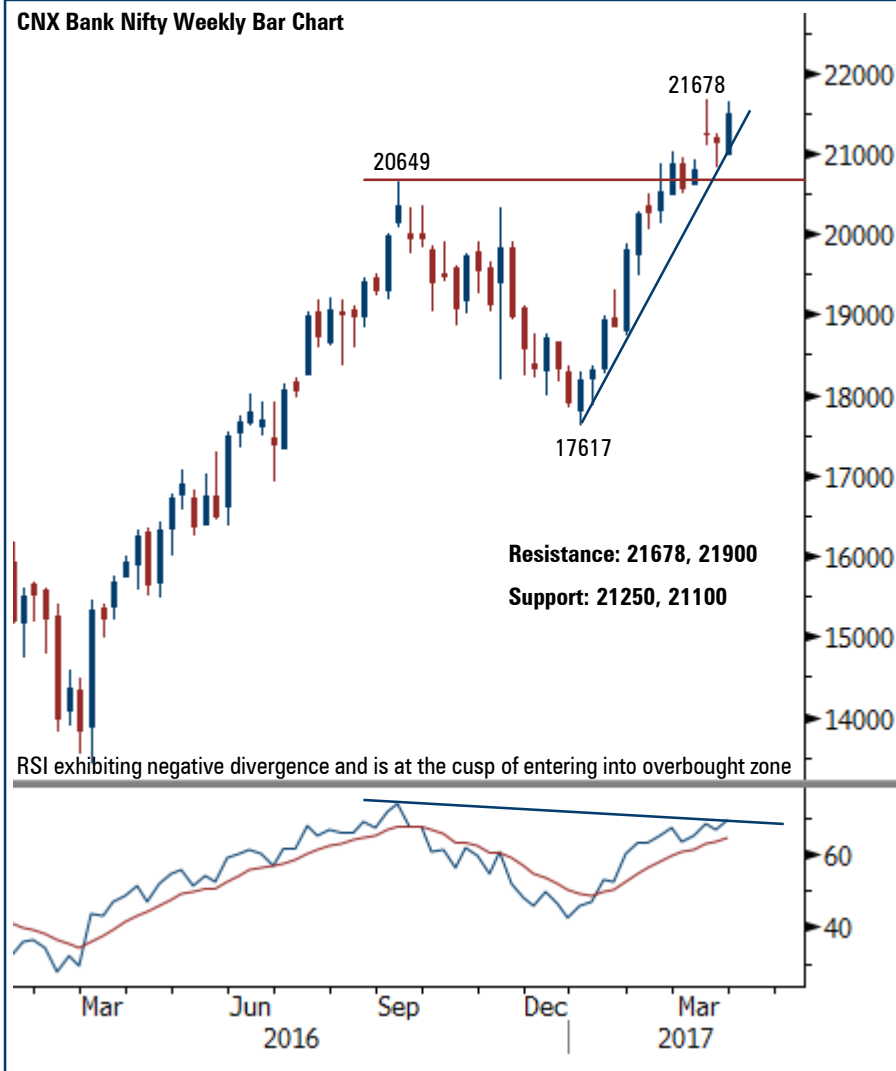
- The Nifty protected its previous week's low of 9019 during last week's early slump, highlighting emergence of demand near the key value area of 8950-9000 region as it is the confluence of following technical parameters:
  - The recent breakout area and higher band of previous two weeks consolidation is placed at 8970
  - Yearly high of 2016 (8968) will reverse its role and act as support
  - Bullish gap area formed post the state election results is placed at 8934
- The index has entered into a secondary consolidation phase after approaching close to the earmarked target and key overhead hurdle placed around 9250 region. Price wise, the recent decline (9218 to 9019=199 points) is deeper in magnitude than the preceding corrective declines that have measured around 135 points since December 2016 bottom. Time wise, the index has taken seven sessions to retrace preceding four session decline. The fall getting bigger and slower pace of retracement confirms our view that the index has entered into a secondary consolidation phase after the 18% rally in last three months approached key overhead hurdle of 9250, which is the confluence of following technical parameters:
  - The 123.6% reciprocal retracement of entire decline from September to December 2016 is placed at 9225
  - The 138.2% price extension of last rising segment (8712 to 8992) measured from the recent higher bottom of 8860 is around 9250 region
- Among oscillators, the placement of 14 week RSI and short-term stochastic in overbought zone with readings of 86 and 69, respectively, signals continuance of consolidation amid lack of directional triggers in the upcoming truncated week
- **Stock Pick: Buy Deepak Nitrite in the range of ₹ 125-128, Target ₹ 145, Stop loss ₹ 117.50**
- **Sectors: We expect energy, FMCG, MNC and PSU indices to relatively outperform the benchmark in the coming weeks. While pharma and IT space will continue to relatively underperform the benchmark, going forward**



## Nifty Bank (21488): RBI policy to indicate further direction...

- The Nifty Bank index surged to a new all-time high closing in the week gone led by strength across the PSU banking space while private banks relatively underperformed the benchmark. For the week, the Nifty Bank index rose 347 points or 1.64% to shut shop at 21488
- The weekly price action formed a sizable bull candle, which carries a higher high higher low compared to the previous week highlighting emergence of strong demand at the key rising trendline in force since December 2016 bottom. The index is now approaching its recent life-time high of 21678. However, the current pullback lacks the requisite momentum as the index has taken seven trading sessions to retrace the preceding four session decline. It signals a pause in momentum and points towards a round of consolidation, going forward
- The Nifty Bank index has incurred high volatility over the last two weeks after surging to a new life-time high of 21678 and nearly apprehending our earmarked hurdle of 21750. In the coming week, the RBI policy review meet will be the key event watched out by market participants for further direction. We expect the index to enter into consolidation mode and oscillate between the broad range of 21750 to 20500 levels in the short-term amid stock specific action. Only a sustained close above 21750 will open the room for extension of the current up move towards 22500 over the coming months as it is the 161.8% reciprocal retracement of the 2016 correction which will be the next likely target for current up move.
- We have revised the short term support base for the index upwards to 20500 region. We believe any dips from here on will attract strong demand at the earmarked value area as it is the confluence of following:
  - Bullish gap area formed on February 17, 2017 round 20449
  - Monthly low of March 2017 is at 20494 which is also the base of mid Feb to March consolidation
  - Yearly high of 2016 (20649) will reverse its role and act as support
- Among oscillators, the 14 week RSI is exhibiting a negative divergence as it has formed a lower high against higher high on price front. It is an initial sign of waning upward momentum and supports our view of a round of consolidation, going forward

CNX Bank Nifty Weekly Bar Chart



Source: Bloomberg, ICICIdirect.com Research

# Weekly Pick: Deepak Nitrite (DEENIT): Cusp of bullish rounding pattern breakout ...

**CMP: ₹ 131.00**

**Buying range: ₹ 125.00-128.00**

**Target: ₹ 145.00**

**Stop loss: ₹ 117.50**

- The share price of Deepak Nitrite is at the cusp of registering a breakout above the neckline of rounding pattern placed around ₹ 131 levels. A rounding formation within an uptrend is considered a bullish continuation pattern, which marks a healthy corrective phase as prices work off the overbought conditions developed after a strong rally before resumption of the primary uptrend
- The base of rounding pattern is anchored upon the long term rising 52 weeks EMA, then placed around ₹ 92 levels. The stock tested the neckline of the rounding pattern in the first week of March 2017 and then consolidating just below the neckline level over the past four weeks. We believe the bullish consolidation at the breakout area provides fresh entry opportunity for short-term traders to ride the next up move
- In the current up move since January 2017, the stock has almost completely retraced its 16 weeks decline (₹ 134 to ₹ 76) in 14 weeks. The faster retracement of last major falling segment signals conclusion of the secondary corrective phase and resumption of the primary uptrend auguring well for the stock
- Among oscillators, the weekly MACD (E-12/26/9) has recently generated a bullish crossover and is in uptrend forming higher high thus supports the positive bias in the price
- Based on the above technical observation, we expect the stock price to head towards ₹ 146 in the short-term, as it is the 123.6% external retracement of the last major decline (₹ 134-76)



Source: Bloomberg, ICICIdirect.com Research

\*Call has been initiated on I Click to Gain on March 31, 2017 at 10:38 hrs

# Trend Scanner

## Positive Trends

Scrip Name	Close	50 days EMA	100 days EMA	Delivery % 5 days Average
Federal Bank	91.5	84.0	79.0	45.60
Reliance Industries	1,320.9	1,193.0	1,135.0	56.10
Natco Pharma	849.2	755.0	706.0	55.90
Titan Company	462.8	427.0	404.0	48.80
Mahindra CIE	212.5	201.0	197.0	62.60

## Negative Trends

Scrip Name	Close	50 days EMA	100 days EMA	Delivery % 5 days Average
UBL	770.8	788.0	803.0	39.20

## Candlestick Pattern

Bullish Candlestick Formations			Bearish Candlestick Formations		
Scrip Name	Pattern name	LTP	Scrip Name	Pattern name	LTP
PNB	Engulfing	149.9	Raymond	Engulfing	633.7
Reliance Inds.	Engulfing	1320.9	Apollo Hospital	Continuation	1165.2
Natco Pharma	Continuation	849.2	Hero Motocorp	Engulfing	3222.0
JBF Industries	Engulfing	278.1	Idea	Continuation	85.9
Titan Company	Piercing Line	462.8			
Mahindra CIE	Piercing Line	212.5			
Adani Ports	Continuation	339.6			
Bank of India	Continuation	139.3			

## Legend

### Positive and Negative Trends:

The stocks listed in the positive and negative trends section above have been identified after running multiple technical queries based on combination of various technical parameters applied on a group of NSE cash stocks. The query modules are designed to recognise stocks, which are either at attractive technical entry levels based on overall price structure or resolving out of medium term consolidation. Consequently the query modules are also aimed at identifying the stocks which are under performers or in established down trends and therefore may not be good bets from short to medium term perspective.

### Candlestick patterns:

Candlestick formations on weekly time interval charts typically point towards the prevailing sentiment comprising the entire trading week and could prove as an important tool for short term traders. By themselves, the patterns do not carry any price target but only an indication of change in market behaviour. More importance needs to be given to the placement of the pattern within larger trend. A more detailed description of Candlestick patterns and the way to understand them is listed at the end of the report

Source: Bloomberg, ICICIdirect.com Research

# Market Activity

## Global Markets

Germany	12,312.9 2.1%	France	5,122.5 2.0%
Brazil	64,984.1 1.8%	US	20,663.2 0.3%
UK	7,322.9 -0.2%	Hong Kong	24,111.6 -1.0%
China	3,222.5 -1.4%	Japan	18,909.3 -1.8%

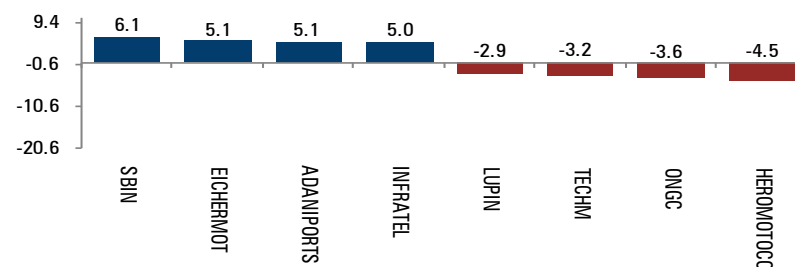
## Global Currencies, Commodities & Bond Yields

Rupee (₹)	64.85 0.9%	Dollar Index	100.42 1.1%
Euro	1.07 -1.5%	British Pound	1.25 0.2%
Japanese Yen	111.37 0.9%	Swiss Franc	1.00 1.4%
Gold/ounce	1,248.21 -0.6%	Copper (tonne)	5,816.00 0.7%
Brent Crude/barrel	53.46 5.4%	Silver (ounce)	18.2 2.0%
India 10 year	6.68 -15 bps	US 10 Year	2.40 2.9 bps
EURO 10 Year	0.33 -7.6 bps	JPY 10 Year	0.07 1.6 bps

## Domestic Sectoral Indices Performance

INDICES	Current	1Wk	1M	3M
Sensex	29620.50	0.7	3.1	11.3
Nifty	9173.75	0.7	3.3	12.1
Auto	22012.66	0.0	2.2	8.4
Banking	24420.77	1.5	4.8	18.6
Capital goods	16446.03	2.3	6.2	20.4
Cons durables	15257.34	5.5	6.7	34.1
FMCG	9270.25	0.7	5.7	16.3
Healthcare	15312.4	-0.3	-0.7	4.9
IT	10365.51	-0.7	0.2	3.3
Metal	11804.46	-0.5	-1.9	15.5
Oil & gas	13563.63	0.8	-2.9	9.6
Power	2274.42	1.7	3.0	15.3
Realty	1600.0	0.7	6.8	27.4
BSE 500	12631.9	1.2	3.5	14.2
BSE midcap	14096.65	1.8	3.2	18.9
BSE small cap	14433.86	2.5	4.7	19.0

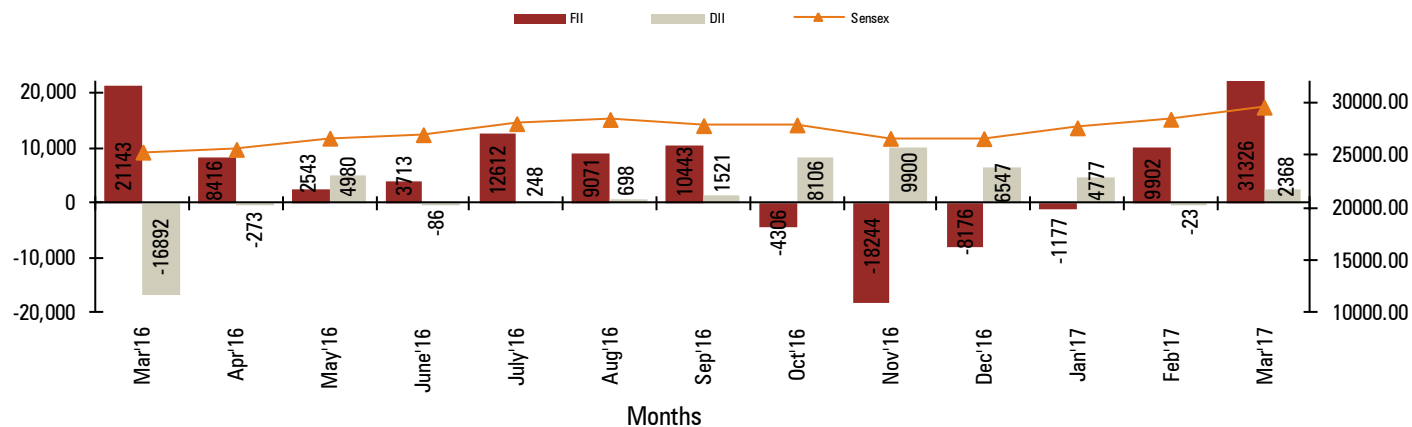
## Nifty Gainers / Losers for the week (%)



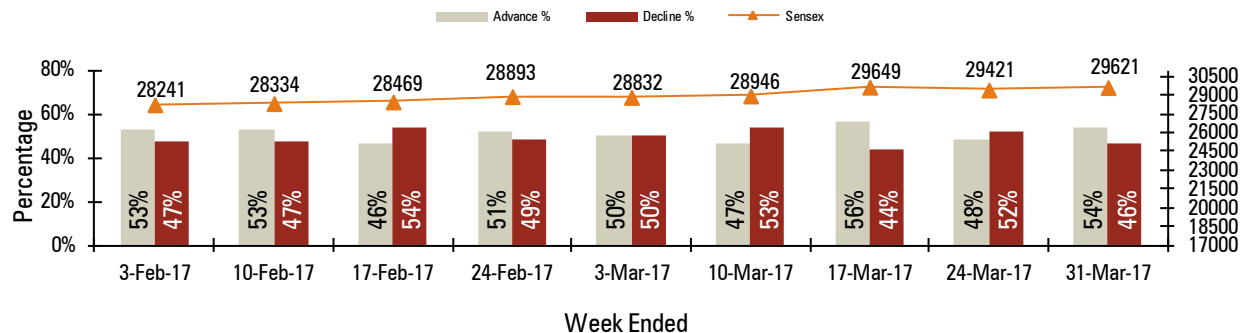
Source: Bloomberg, ICICIdirect.com Research

# Market Activity

## Institutional flow trends of last 12 months



## Weekly market breadth trends



Source: Bloomberg, ICICIdirect.com Research

# Dow Jones (20663): Reflation trade losing momentum...

- US equity benchmarks eked out marginal gains after a choppy trading week as reflation trade post presidential elections are seen losing momentum. Yields and dollar ended lower along with commodities. DJIA settled at 20663, up 67 points or 0.3% for the week
- The weekly price action formed a bullish bar, which carried a lower high and lower low indicating continuance of profit booking for a fourth week after hitting a life-time high of 21169 in early March 2017. Going forward, the index is likely to consolidate in a range of 20200-21500
- The DJIA is seen in profit booking mode after gaining over 15% since the US Presidential election in November 2016 in anticipation of fiscal stimulus and tax reforms. In the process, prices had reached overbought conditions and approached higher band of the trend channel shown on adjacent chart. However, failure of any concrete policy advance from Trump administration led to profit booking at higher band of the channel. Value of the higher band of the channel is placed in the 21000-21500 region for coming weeks.
- The index is likely to correct further towards 20200 being the 50% retracement of the recent rally in coming weeks
- The 14 week RSI is seen trending higher supporting overall positive bias
- For the coming week, the DJIA has support at 20410, 20270 while resistance is at 20875, 20990

Dow Jones Industrials - Weekly Bar Chart



Source: Bloomberg, ICICIdirect.com Research



# German Dax (12312): New life-time high in sight...

- The German equity benchmark gained to highest level in two years resuming its well established uptrend. The Dax ended at 12312, up down 248 points or 2% for the week
- The weekly price action formed a sizeable Bullish bar as index resolved higher from four weeks of consolidation. The bias for the coming week would remain positive above last week's low of 11916. The index is likely to challenge its life-time high of 2015 placed at 12390
- From a short-term perspective, the index remains in a steady up trend after resolving higher out of four week's trading range (12150-11900) indicating resumption of up trend
- Going forward, we expect the index to challenge its life-time high of 12390 as the index remains in a structural up trend and recent consolidation has helped prices to work out of a overbought territory. Sustainability above 12390 would open the doors for a medium term target of 13200 as it is the confluence of 123.6% of 2015-16 decline (12390-8700) and equality of current up move with October 2014- April 2015 rally (8354-12390)
- For the coming week, Dax has support at 12150, 11910 while resistance is placed at 12390, 12470

German Dax - Weekly Bar Chart

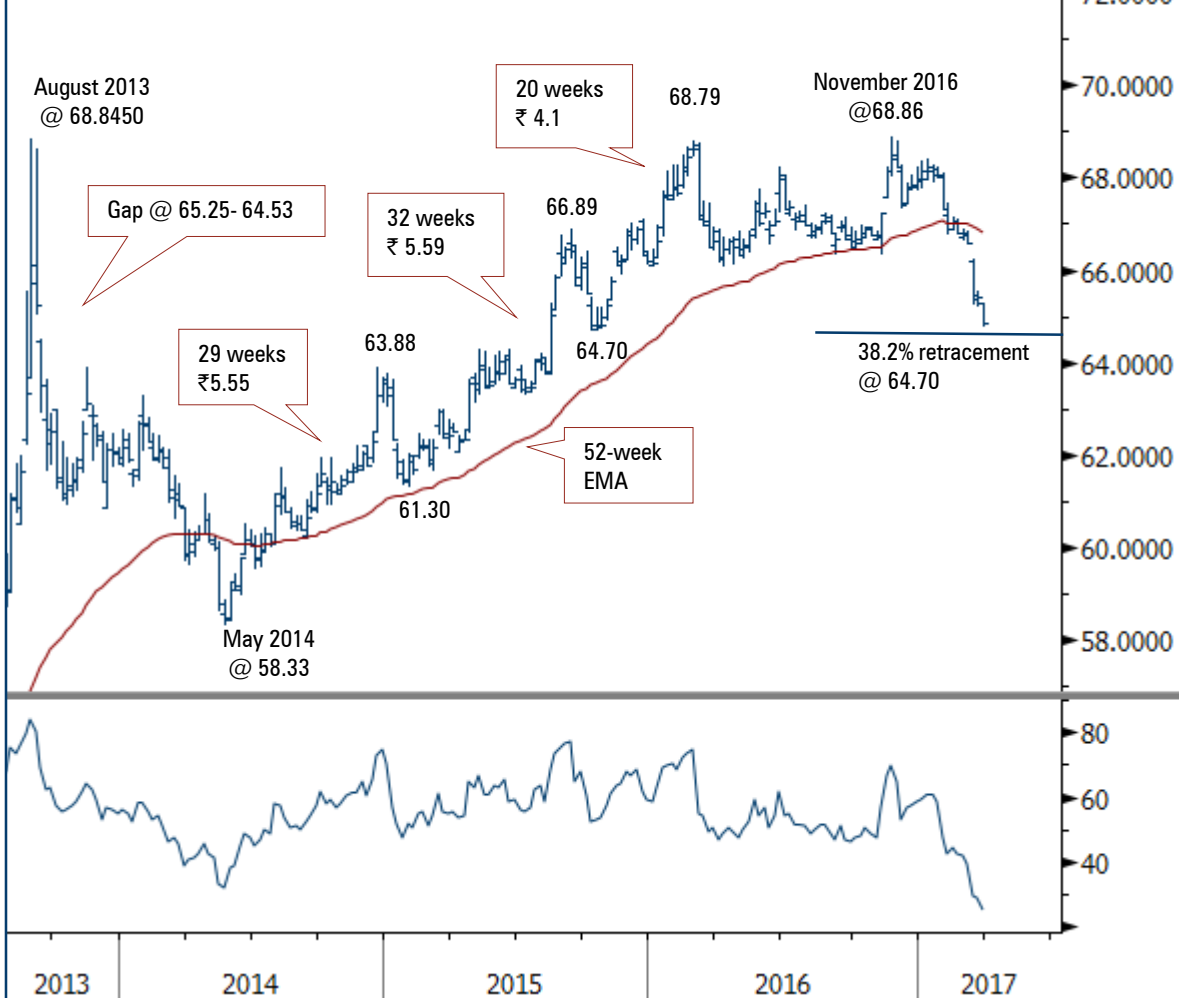


Source: Bloomberg, ICICIdirect.com Research

# Rupee spot (64.85): Bias to remain positive below 65.50...

- The rupee extended its dream run to settle at the highest level since 2015 amid record flow from foreign investors in debt and equity segments. Weakness in US dollar overseas also helped sentiments. The rupee gained 1% to settle at 64.85
- The price action formed a sizeable bearish bar indicating continuation of down trend for US\$INR pair. Bias for coming week would remain negative for US dollar as long as it trades below 65.50 while the rupee is likely to find hurdle near 64.70
- US\$INR broke down from double top bearish pattern indicating structural weakness for the US dollar, going forward. Rupee remains on firm footing, thanks to continued investment from foreign investors and turned out to be a best performing currency in March amid EM basket
- The rupee is likely to appreciate towards 64.70 levels as it is the swing low and 38.2% retracement of entire dollar rally between May 2014 to November 2016 (58.33-68.86)
- The 14 week RSI has however approached its key displacement last seen in May 2014 which is likely to decelerate the momentum and lead into range bound consolidation for rupee
- For the coming week, the US\$INR support is at 64.70, 64.50 whereas resistances are at 65.20, 65.50

Weekly Bar Chart - US\$INR



Source: Bloomberg, ICICIdirect.com Research

# Gold (\$1251.20): Caution warranted at upper band of consolidation...

- Gold prices eked out small gains in a volatile week of trade as traders weighed a flurry of economic news and remarks from Federal Reserve officials. The precious metal was up 8 percent for the quarter. For the week, gold prices settled at \$1251.20, up 0.21%
- The weekly price action resulted in an Invested Hammer like candle with small real body and a long upper shadow highlighting profit booking near the recent high and key overhead resistance placed around \$1265-1270 region. Follow through weakness and close below the candle (\$1241) will lead to further weakness toward recent low of \$1194 region in the short term
- The bullion prices have incurred profit booking at higher levels after approaching the key overhead hurdle placed around \$1270 region as it is the overhead falling trendline in place since June 2016 and the 61.8% retracement of the November-December 2016 falling segment placed around \$1255 region. Structurally, the pullback since December 2016 bottom of \$1123 has lacked strength as the index has consumed 15 weeks to retrace 61.8% of the preceding six weeks fall. Shallow price wise retracement and larger time consumed signals a weak pullback
- We expect bullion to witness choppy consolidation between broad range of \$1270 and \$1175, going forward. The key support for gold prices is placed around \$1175 being the 61.8% retracement of the last two months pullback
- Among oscillators, the 14 week RSI remains ambivalent of directional bias as it is hovering in neutral band of 45 to 60 readings signalling continuance of range bound consolidation



Source: Bloomberg, ICICIdirect.com Research

# Brent crude (\$53.62): Attracting supportive efforts at key value area...

- Brent crude oil prices moved higher as Kuwait signaled support for the six-month extension of Opec's supply quota plan. Supply interruption from Libya due to fighting around oil fields has also boosted prices last week. For the week Brent crude rose 4.89% to \$53.62
- The price action formed a sizable bull candle carrying a higher high higher low for the first time in four weeks. It highlights supportive efforts emerging at the long term rising trendline joining major lows of January and November 2016 and currently placed near \$49.50 region. Follow through strength and close above the previous weeks high (\$53.77) will be required to open further positive options to head back towards upper band of recent congestion area placed near \$57-\$58 region. Failure to do so will lead to continuance of choppy consolidation
- Brent crude prices are currently poised at the crucial support placed around \$49-50 region as it is the confluence of long term rising trend line in place since January 2016 and the 52 week EMA both placed around \$50. Holding above this trendline support will be crucial for prices to maintain the medium term rising trajectory. A decisive weekly close below the \$50 would be a sign of weakness in trend and open the floor for continuance of down move towards \$45-\$43 zone over the short term
- On the higher side, the upper band of previous four months consolidation placed near \$57-\$58 will act as a major barrier for crude prices.
- Among oscillators, the 14 week RSI is rebounding from lower band of its major consolidation range of 45 to 65 levels and supports further pullback efforts in the coming weeks

Brent Crude Weekly Candlestick Chart



Source: Bloomberg, ICICIdirect.com Research

## Previous Week's Performance

Date	Scrip	Product	Strategy	RP	Target	SL	Gain/Loss %	Comment
17-Feb-17	Pidilite Industries	Cash	Buy	682.00	765.00	638.00		Open
17-Mar-17	Godrej Properties	Cash	Buy	386.00	430.00	359.00	5.0	Booked profit at 405
24-Mar-17	Sterlite Technologies	Cash	Buy	128.00	145.00	119.00	0.0	Closed at cost

## F&O Stocks Pivot points for the Week (April 03 - 07, 2017)

COMPANY	CMP	S1	S2	S3	R1	R2	R3	Trend
SENSEX	29421.40	29279.95	29139.45	28919.85	29560.95	29701.45	29921.00	Neutral
BANK NIFTY FUTURE	21140.65	21000.15	20896.80	20676.60	21206.85	21310.25	21530.40	Neutral
NIFTY FUTURE	9118.30	9083.30	9051.60	8988.05	9146.70	9178.45	9241.95	Neutral
BANK NIFTY	21122.55	20962.30	20850.10	20698.00	21186.60	21298.75	21450.90	Neutral
NIFTY	9108.00	9066.10	9029.00	8958.05	9140.20	9177.30	9248.25	Neutral
ACC	1396.45	1377.50	1369.65	1361.75	1397.90	1408.10	1418.30	-ve
ADANI PORT	323.25	318.45	310.95	303.40	323.70	326.30	328.90	-ve
AMBUJA CEMENT	229.90	226.40	224.55	222.70	231.15	233.50	235.90	-ve
ASIAN PAINTS	1064.25	1046.90	1031.40	1015.90	1065.10	1074.20	1083.30	-ve
AUROBINDO PHARMA	688.80	674.10	663.70	653.35	690.50	698.70	706.95	-ve
AXIS BANK	489.35	475.50	471.35	467.20	493.10	501.90	510.75	-ve
BAJAJ AUTO	2843.00	2807.85	2784.20	2760.55	2856.60	2880.95	2905.30	-ve
BOB	169.05	168.00	165.20	162.40	173.65	176.30	178.95	+ve
BPCL	649.70	647.80	639.80	631.85	663.80	670.45	677.10	+ve
BHARTI AIRTEL	340.50	340.00	333.40	326.75	353.25	359.70	366.15	+ve
BHEL	167.05	163.75	160.35	156.95	167.50	169.35	171.20	-ve
BHARTI INFRA TEL	310.40	307.05	303.70	301.35	313.70	317.05	319.40	Neutral
BOSCH	22972.90	22776.45	22603.15	22373.65	23123.05	23296.35	23525.85	Neutral
CIPLA	593.95	588.40	583.60	579.40	598.05	602.90	607.10	Neutral

Source: NSE India, ICICIdirect.com Research

# F&O stocks pivot points for the week (April 03 - 07, 2017)

COMPANY	CMP	S1	S2	S3	R1	R2	R3	Trend
COAL INDIA	297.85	296.55	293.60	290.60	302.55	309.55	316.60	+ ve
DR.REDDY'S LAB.	2628.35	2540.35	2528.10	2515.80	2635.75	2683.45	2731.15	-ve
EICHER MOTORS	24350.15	23882.75	23524.90	23167.05	24443.75	24724.25	25004.75	-ve
GAIL	381.30	375.05	370.95	367.20	383.25	387.30	391.10	Neutral
GRASIM	1058.30	1044.75	1028.65	1011.95	1076.95	1093.00	1109.75	Neutral
HCL TECH	873.05	870.10	862.25	854.35	885.85	894.30	902.75	+ ve
HDFC	1462.60	1449.80	1439.95	1418.75	1469.50	1479.35	1500.50	Neutral
HERO MOTO	3375.25	3362.15	3340.15	3318.15	3406.15	3431.40	3456.65	+ ve
HINDALCO	194.90	191.10	187.90	184.70	195.15	197.20	199.25	-ve
HIND. UNILEVER	900.20	887.25	876.75	866.25	900.70	907.45	914.20	-ve
IDEA CELLULAR	90.90	79.10	75.40	71.75	96.10	104.60	113.10	-ve
INDUSIND BANK	1389.55	1379.95	1371.15	1356.15	1397.50	1406.25	1421.30	Neutral
INFOSYS	1031.40	1023.55	1016.35	1007.50	1038.00	1045.25	1054.10	Neutral
ITC	281.00	274.55	268.15	261.80	281.30	284.65	288.05	-ve
KOTAK MAH.BANK	879.35	875.30	865.70	856.10	894.50	901.35	908.20	+ ve
L & T	1551.20	1536.70	1525.30	1504.45	1559.45	1570.85	1591.70	Neutral
LUPIN	1487.80	1482.05	1468.30	1454.55	1509.55	1518.40	1527.25	+ ve
M & M	1275.80	1250.15	1235.80	1221.50	1279.55	1294.25	1308.95	-ve
MARUTI SUZUKI	6004.65	5914.70	5846.90	5779.10	6036.00	6096.65	6157.30	-ve
NTPC	164.60	163.85	162.25	160.60	167.05	168.25	169.45	+ ve
ONGC	191.90	190.75	189.55	188.30	193.15	194.35	195.65	Neutral
POWER GRID	193.75	192.65	191.60	190.05	194.70	195.75	197.30	Neutral
RELIANCE	1286.75	1268.40	1253.45	1243.90	1298.20	1313.15	1322.70	Neutral
SBI	276.50	275.30	272.20	269.15	281.40	283.50	285.65	+ ve
SUN PHARMA	703.90	695.10	688.35	675.40	708.50	715.20	728.20	Neutral
TATA MOTOR DVR	280.85	275.45	271.90	268.40	281.65	284.75	287.85	-ve
TATA MOTORS	470.40	469.70	464.80	459.85	479.55	483.50	487.45	+ ve
TATA POWER	86.55	85.70	84.40	83.10	86.75	87.25	87.75	-ve
TCS	2427.20	2391.70	2368.35	2345.05	2443.00	2468.65	2494.35	-ve
TECH MAHINDRA	474.15	467.10	462.50	457.90	476.60	481.35	486.10	-ve
TATA STEEL	493.20	485.50	475.25	465.00	493.65	497.75	501.80	-ve
ULTRATECH CEMENT	3973.95	3942.55	3910.10	3849.75	4007.45	4039.90	4100.25	Neutral
WIPRO	513.25	509.85	504.35	498.85	520.85	525.80	530.80	+ ve
YES BANK	1529.05	1520.20	1499.05	1477.90	1562.50	1578.50	1594.55	+ ve
ZEE	518.45	516.55	513.75	510.40	522.10	524.90	528.25	Neutral

Source: NSE India, ICICIdirect.com Research

# Forthcoming Economic Events Calendar

Date	Event
<b>India</b>	
3-Apr	Nikkei India PMI Mfg
6-Apr	Nikkei India PMI Services
6-Apr	Nikkei India PMI Composite
6-Apr	RBI Repurchase Rate/Reverse repo/CRR
<b>Japan</b>	
3-Apr	Nikkei Japan PMI Mfg
5-Apr	Nikkei Japan PMI Services
5-Apr	Nikkei Japan PMI Composite
6-Apr	Consumer Confidence Index
7-Apr	Real Cash Earnings YoY
<b>US</b>	
3-Apr	Markit US Manufacturing PMI
3-Apr	Markit US Composite PMI
5-Apr	Markit US Services PMI
5-Apr	FOMC Meeting Minutes
6-Apr	Initial Jobless Claims
6-Apr	Continuing Claims
<b>Euro Zone</b>	
3-Apr	Markit Eurozone Manufacturing PMI
3-Apr	PPI MoM
5-Apr	Markit Eurozone Services PMI
5-Apr	Markit Eurozone Composite PMI
6-Apr	Markit Eurozone Retail PMI
<b>UK</b>	
3-Apr	Markit UK PMI Manufacturing SA
4-Apr	Markit/CIPS UK Construction PMI
5-Apr	Markit/CIPS UK Services PMI
5-Apr	Markit/CIPS UK Composite PMI
7-Apr	Industrial Production MoM
7-Apr	Manufacturing Production MoM

Source: Bloomberg, ICICIdirect.com Research

- Please execute the recommendation within the prescribed range provided in the report
- Once the recommendation is executed, it is advisable to keep strict stop loss as provided in the report on closing basis
- We adapt a trading strategy of booking 50% profit when the position is in profit by 3-5% and trail stop loss on remaining position to the entry point
- In recommendations where it is advised to buy on declines, if the target price is hit before activation of the call in prescribed range then the recommendation is considered not initiated
- The recommendations are valid only for the week and are to be squared off by the end of the week. In case we intend to carry forward the position, it will be communicated through separate mail

## **Trading Portfolio allocation**

- It is recommended to spread out the trading corpus in a proportionate manner between the various technical research products
- Please avoid allocating the entire trading corpus to a single stock or a single product segment
- Within each product segment it is advisable to allocate equal amount to each recommendation
- For example: The 'Daily Calls' product carries 3 to 4 intraday recommendations. It is advisable to allocate equal amount to each recommendation



# Recommended product wise trading portfolio allocation

Product	Allocations			Return Objective		Duration
	Product wise allocation	Max allocation in 1 Stock	Number of Calls	Frontline Stocks	Mid Cap Stocks	
Daily Calls	8%	2-3%	3-4 Stocks	0.5-1%	2-3%	Intraday
Stocks on the Move	6%	3-5%	7-10 Per Months	7-10%	10-15%	3 Months
Weekly Calls	8%	3-5%	1-2 Stocks	5-7%	7-10%	1 Week
Weekly Technicals	8%	3-5%	1-2 Stocks	5-7%	7-10%	1 Week
Monthly Call	15%	5%	2-3 Stocks	7-10%	10-15%	1 Month
Monthly Technical	15%	2-4%	5-8 Stocks	7-10%	10-15%	1 Month
Techno Funda	15%	5-10%	1-2 Stocks	10% and above	15% and above	6 Months
Gladiator Stocks	15%	5-10%	1-2 Stocks	15% and above	20% and above	6 Months
Cash	10%	-				
	100%					

# Candlesticks Glossary:

Candlestick patterns describe the market sentiment for the specified period. Some of the formations suggest reversal of sentiment (trend) and, therefore, are important for a chart reader. By themselves, the patterns do not carry any price target but only an indication of change in market behaviour. More importance needs to be given to the placement of the pattern within larger trend

**Morning Star:** Potential bottom reversal pattern made of three candle lines. The first sizeable black candle reflects a market in which the bears are in complete charge. The next candle line--the small real body--shows a slight diminution of the bearish force. The white candle that makes up the last part of the morning star visually displays the bulls are gaining the upper hand. Lowest low amongst three candles becomes technical support

**Bullish Engulfing Line:** A potential bottom reversal pattern. This pattern typically appears at the culmination of a decline or downtrend. The market falls, and a black candle forms (ideally a small black candle). Next, a white real body wraps around the prior session's black body. Low of the pattern becomes short term support for prices

**Piercing Line:** Potential bottom reversal pattern. A black body forms in the downtrend. The market continues moving south on the next session's open but that session culminates in a white real body that closes (e.g. pierces) than half way or more into the prior black body. Lowest low between two candles is referred to as technical support for prices

**Hammer:** A candlestick line which, during a downtrend, has a very long lower shadow and small real body (black or white) at the top end of the session's range. There should be no, or a very small, upper shadow. Pattern suggests buying support during declines and needs confirmation in terms of sustainability of prices above head of the Hammer in following session

**Evening Star:** Potential Top reversal pattern made of three candle lines. Comparable with a traffic signal. First white candle reflects a market in bullish trend. The next candle line--the small real body--warns waning momentum. The black candle that completes the evening star visually exhibits that prior up trend has stopped or reversed

**Bearish Engulfing Line:** Potential top reversal signal. This two candlestick pattern emerges during a rally. A black candle real body wraps around a white real body (classically a small white candle) Highest high between two candles becomes resistance level for prices for future reference

**Dark Cloud cover:** A dark cloud cover forms a top reversal pattern. The first session should be a strong, white real body. The second session's price opens over the prior session's high (or above the prior session's close). By the end of the second session, it closes near the low of the session and should fall well into the prior session's white body. Pattern suggests that market has a poor chance of rising immediately

**Shooting Star:** A single candlestick line during a rally in which there is a small real body (white or black) at the bottom end of the session's range and a very long upper shadow. The candle line should also have little or no lower shadow. Pattern suggest the trouble for prices overhead

**Continuation Patterns:** Other than widely known Candlestick reversal patterns discussed above, there are numerous patterns mentioned in literature on Candlestick which describe the continuation of existing sentiments i.e. bullish or bearish. We have refrained from mentioning names of these patterns to avoid confusion. However, the remark Continuation Pattern refers to bullish or bearish candlestick patterns which suggest continuation of existing trend



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## ANALYST CERTIFICATION

We /I, Dharmesh Shah, Dipesh Dagha, Nitin Kunte, Pabitra Mukherjee, Vinayak Parmar Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

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