CHARTS FOR THE WEEK 15-02-2016 T0 19-02-2016

Before we write for this week, it would be worth noting and understanding our view and that too from our eyes. As your are aware that we have been very categorical in stating right from January 2015 onwards that the markets are extremely vulnerable to a sell off. Below are links which has many links attached.

http://www.nayanmvala.com/pdf/CHARTS%20FOR%20THE%20WEEK%2026-01-2015%20T0%2030-01-2015.pdf

http://www.nayanmvala.com/pdf/CHARTS%20FOR%20THE%20WEEK%2009-03-2015%20T0%2013-03-2015.pdf

http://www.nayanmvala.com/pdf/CHARTS%20FOR%20THE%20WEEK%2031-08-2015%20T0%2004-09-2015.pdf

As per us, the bear market – sector wise had already started post the PM Modi election results.

For example the election results were an **opportunity for some to exit and for some to fall a trap in**. The following indices had a peak in June 2014

- Nifty Commodity
- Nifty Metal
- Nifty Infra
- Nifty Mid Cap 50
- Nifty PSE &
- Partly Nifty PSU Bank index

Many Individual stocks within the above indices peaked out a month or two later.

It would not be out of place to mention that we had post the results only stuck out to suggest a buy in Software/IT and Pharma.

- Bank Nifty peaked out in Jan 2015 (as expected and written)
- Pharma Index peaked out in April 2015 (as expected and written)
- We had also written why the global set up was so ugly in August 2015

http://www.nayanmvala.com/pdf/CHARTS%20FOR%20THE%20WEEK%2010-08-2015%20T0%2014-08-2015.pdf

In 1st week of January we had specified that with the excesses out in NIFTY but still remaining in a number of mid caps, small caps and individual stocks, In that report we also wrote that there are supports around 7150 & 6950.

http://www.nayanmvala.com/pdf/CHARTS%20FOR%20THE%20WEEK%2011-01-2016%20T0%2015-01-2016.pdf

"The reason why we would like you to again emphasise for you to read through our eyes is avoid any wrong interpretation".

With the current markets the way they are for us, it's pointless and meaningless to gauge the extent of NIFTY fall. Whether its 6950 or 6850 etc etc.

NIFTY - WEEKLY

From a **pure NIFTY** stand point of view, this was the 1st week where the **excesses are been built on the short side**.

We will strictly not advice shorting at these levels for NIFTY.

Mind it individual stocks and sectors are a different story

If we are short from 9000 or even 8500 or even lower, its must to understand that NIFTY is already down 23-24% from peak and the risk reward does not favour the bears.

BANK NIFTY – WEEKLY

The same logic applies for Bank Nifty as it is down around 33%.

We repeat these views are just for the indices and individual stocks may still have a lot of excesses.

We had come out with several reports in 2010 November and were actually laughed at by suggesting a sell in PSU BANKS. (Attached is a link in the old format)

http://www.nayanmvala.com/pdf/CHARTSWEEK11-10-2010TO15-10-2010.pdf

At present most if not all of the PSU banks are almost 15-25% their peak in 2010 and we have all the bad news and SELL REPORTS.

We reiterate that common sense should prevail before taking any rough decision.

NIFTY PSU BANK – WEEKLY

With maximum pessimism built in and with too much bad news floating around, this sector becomes apt and ideal place for bargain hunting and suits very aptly for a trading buy.

USD INR – WEEKLY

Rupee peaked out post the election result in 2014 as circled and may be in the process of double top.

Even if the rupee beaches past the high of 69 – 70, it does not materially make a difference

The point here to note is that the mood in the markets is of excessive pessimism in contrast to what it was in January 2015 of absolute euphoria which had a classic double top around March 2015

May be we have hit the 1st point of panic now and will hit one later in the subsequent quarter or months due to global events.

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