

July 22, 2010

Technical Update on Steel

Strategy: **BUY**

CMP: AUG: **23720**; SEP: **24140**

Recommendations:

- Steel August NCDEX: Buy at 23200-23500 TP 25000 then 26200 with stop loss at 21800
- Steel Sep NCDEX: Buy at 23400-23600 TP 25100 then 26400 SL 21900

Steel future prices witnessed a sharp fall in last four months by declining as much as 19.1%. As per the fibonacci principle prices took correction till 61.8% (23920) retracement of the range 30150-20070 levels. Trading above the monthly short term EMA (10, 20) suggests market to remain higher. However, monthly closing above the 24000 levels is possible to extend its gains till 25100 then 26700 levels. The momentum indicator RSI (14) monthly is trading at 0.49 levels and turning positive. The key level to watch is at 23000 levels sustain above will lead the prices to 25000.



Outlook: We expect steel future prices to trade higher if market fails to breach the support at 23000. However, closing above the 24000 levels is possible to extend its gains. We recommend buying only sustain above 23000.

Disclaimer

The report contains the opinions of the author, which are not to be construed as investment advices. The author, directors and other employees of Karvy and its affiliates cannot be held responsible for the accuracy of the information presented herein or for the results of the positions taken based on the opinions expressed above. The above mentioned opinions are based on the information which is believed to be accurate and no assurance can be given for the accuracy of these information. There is risk of loss in trading in derivatives. The author, directors and other employees of Karvy and its affiliates cannot be held responsible for any losses in trading.

Commodity derivatives trading involve substantial risk. The valuation of underlying may fluctuate, and as a result, clients may lose entire of their original investment. In no event should the content of this research report be construed as an express or an implied promise, guarantee or implication by or from Karvy Comtrade that you will profit or that losses can or will be limited in any manner whatsoever. Past results are no indication of future performance. Information provided on this report is intended solely for informative purposes and is obtained from sources believed to be reliable. Information is in no way guaranteed. No guarantee of any kind is implied or possible where projections of future conditions are attempted.

We do not offer any sort of portfolio advisory, portfolio management or investment advisory services. The reports are only for information purpose and not to be construed as investment advices.

For Detailed disclaimer please go to following URL's:

<http://www.karvycomtrade.com/disclaimer.asp>

<http://www.karvycomtrade.com/riskDisclaimer.asp>