



!! Wish you a Happy & A Prosperous New Year!!

Sensex has seen an above 20% return in the calendar year 2012 while there remained a pessimist outlook around in the economy. If we look at the past 4 years though and post the election gap in 2009 around 13500 levels the Index has really not given any exceptional returns as compared to a Bank FD.

We believe that this era of underperformance and a range bound activity is behind us now and we should continue to outperform in terms of absolutes returns as compared to other any returns in other asset class.

Index has given a decent rally from 15500-19500 and a correction cannot be ruled out, but our sense is that the dynamics of this Markets have changed. It's a no going to spend time in a range, where you would want to short after a 10-15% rally and initiate fresh longs when it corrects a bit. Markets are going to remain in a buy on dips mode now.

If we try to forecast Sensex outlook for a year, we believe a correction if any, may not be able to see lower levels than 18000 and this could be a reasonable level for people to initiate longs who haven't participated in this year rally.

As per wave count we feel prices have completed the wave (2) at the bottom of 15500 and not the previous bottom of 14500 made in Nov 2012. Post this rally we may be near in completing a five wave advance and may see some exhaustion in the range of 20000-20500. If this wave count is right we may consolidate till the month of May in a corrective move till 18000 from where a fresh 3rd wave rally should start. This rally will then take us eventually towards a new all time high levels of 24000 by the year end.

Index wise we see outperformance in the sectors like Metals, IT and Energy. We have identified 11 stocks which according to us will be the shining stars of 2013 where we expect atleast a conservative target of 25-30% upmove.

These stocks are in a structural uptrend and some for them may not have a good risk -reward at current market levels but any dips near the levels we have mentioned may fetch a spectacular returns for this year. For Nifty our target are 6560 followed by 7654 with the base level of 5400.

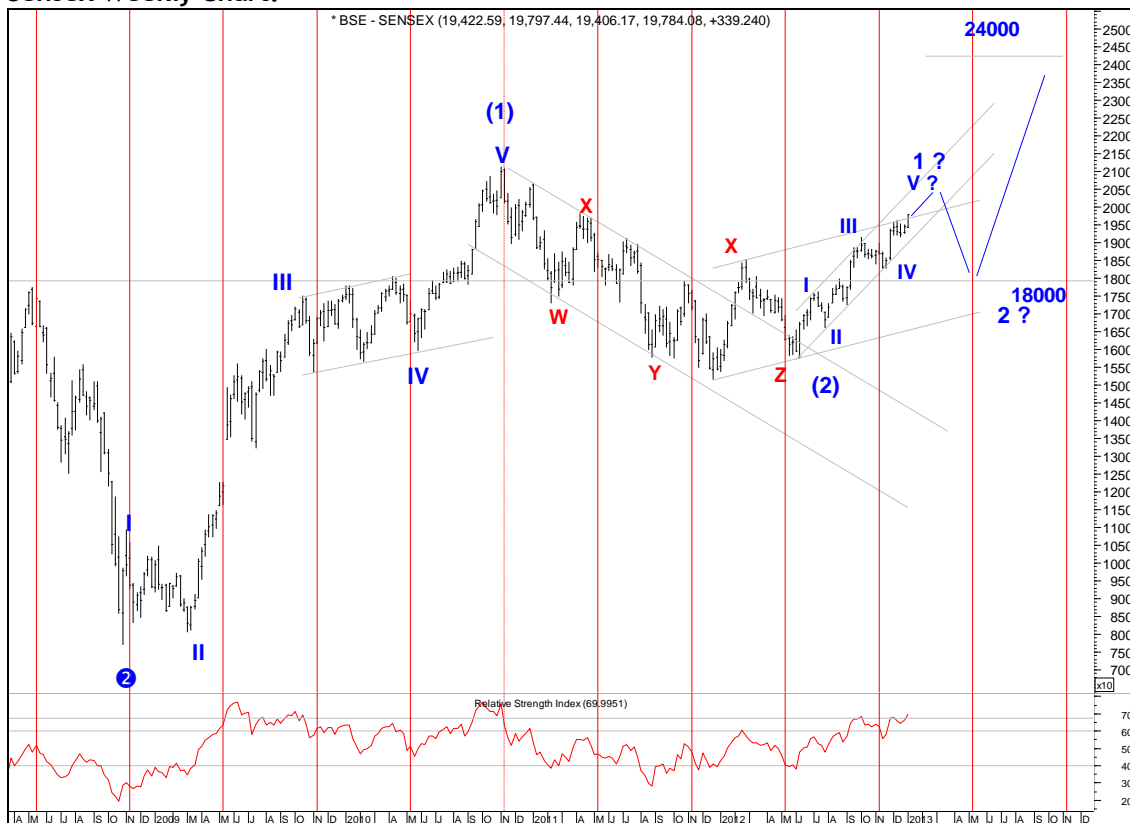
We wish you a prosperous Year ahead and Happy Trading !!!

Below are the list of stocks which have an identified for you

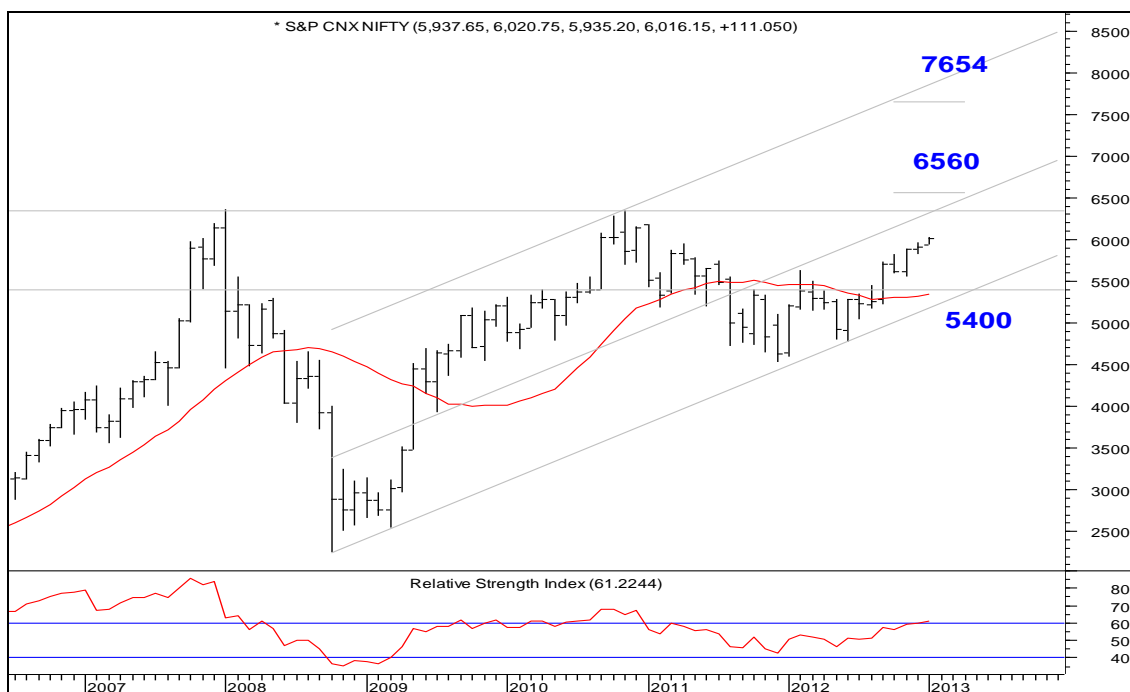
1. Reliance Industries
2. Godrej
3. Petronet LNG
4. Bank of Baroda
5. Aditya Birla Nuvo
6. Hdfc bank
7. Maruti
8. Tata Global Beverages
9. Indian Hotel
10. NMDC
11. Tata Chemical



Sensex Weekly Chart:



Nifty Monthly Chart:



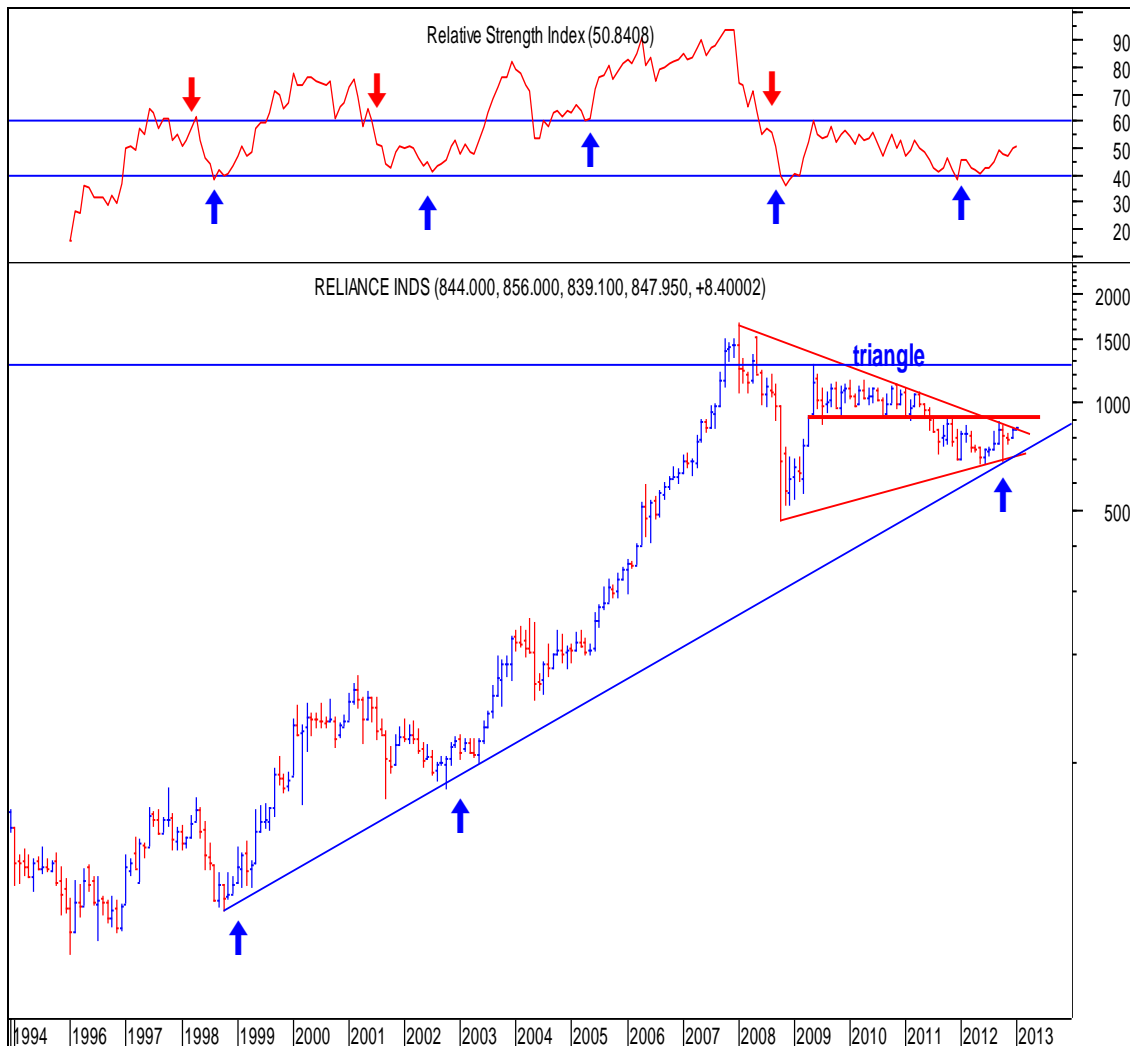


Reliance Industries/CNX Energy Index Ratio chart:



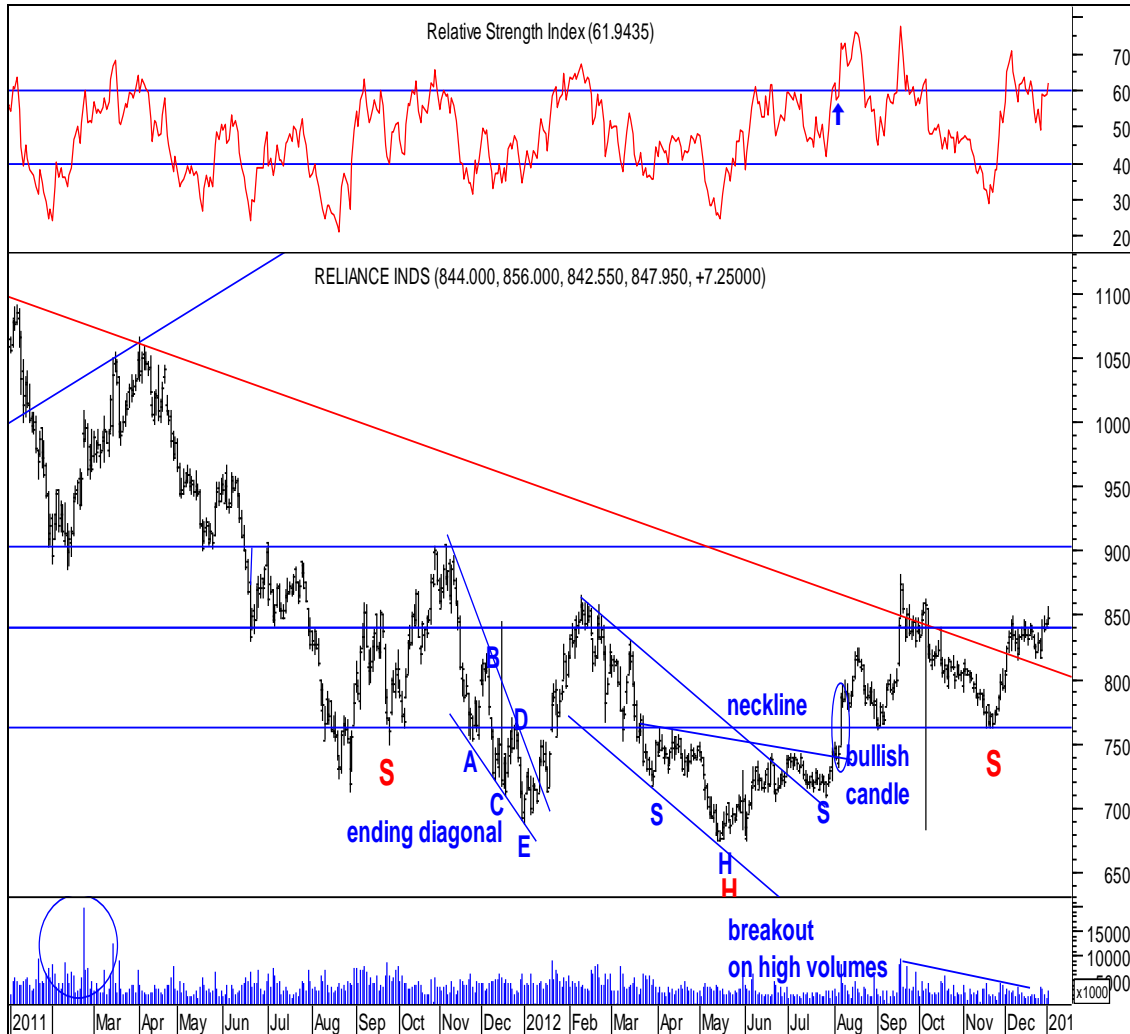


Reliance Industries Monthly chart





Reliance Industries Daily chart



Waves Analysis:

For Reliance Industries as shown in the above Monthly chart the stock has consolidated in a triangle formation. The stock has taken support near the bullish rising uptrend line since 1998 lows. Currently the stock is trading near the upper end of the triangle pattern. The Monthly RSI historically has been taking support at 40 levels.

The daily price structure is suggesting the stock has formed a bullish inverse head & shoulder pattern. In the short term we expect an initial move towards 900 levels.

Medium term prices have hurdle at 900 levels once that is taken out decisively we can expect the stock to move higher towards 1050/1100 levels. Now Medium term support lies at 810 levels.

In the above scenario we have shown Reliance Industries prices versus CNX Energy Index. In the above relative strength chart it can be observed the ratio has taken support near 50% retracement of the previous upmove from 2005-2008 levels.

Godrej Industries Monthly chart



Waves Analysis:

For Godrej we have shown the wave labeling on the Monthly chart (Semi-log). It can be seen the stock is in a secular uptrend.

The upmove from 2003-2008 is wave (1) of cycle degree. Within that we have shown internal wave counts. Wave '2' of primary degree retraced 61.8% of wave '1'. Wave '3' is the extended wave with maximum RSI at 90 levels in 2006.

The decline from 500-46 levels in the year (2007-2008) is corrective in nature in an A-B-C formation. Wave (2) of cycle degree completed at 46 levels.

In our view the move from 46 levels since 2008 lows is in the form of wave (3) of cycle degree. Within that we are in wave 'iii' of '3'.

Currently the stock has retraced 61.8% of the entire fall from 500-46 at 328 levels.

A sustained move above 330 would give a strong positive confirmation for upside towards 370 followed by 390 levels. On the downside prices have support at 280 levels.



From a long term perspective given the multiyear trend the stock should eventually give a break above the previous high of 500 in future. Historically it can be observed 220 has acted a crucial support-resistance level.

In our view the stock has formed a long term bottom at 220 levels. The monthly RSI has given a break above the resistance & positive confirmation with a bullish range shift above 60 levels after 2008 decline.

The stock is in a structural uptrend & it has been taking support & moving above the rising blue trendline since 2004. Given the sharp upmove last year corrective declines should be considered as a buying opportunity.

Petronet Lng Weekly chart:



**Waves Analysis:**

For Petronet LNG we have shown wave labeling since 2004 on the weekly semi-log chart.

In our view the upmove from 17-122 is in the form of wave (1) of Intermediate degree in which wave '3' of minor degree is $4.23 \times$ wave '1' & wave '5' is $1.618 \times$ wave '3'. The decline from 122-29 levels is in an A-B-C formation.

Thereafter the upmove from 29-185 levels is impulsive in nature in the form of wave iii of (3) of intermediate degree. In our view wave 'iv' of (3) completed near 122 levels in a three wave corrective structure in w-x-y formation where wave 'y' = $1.618 \times$ wave 'w'.

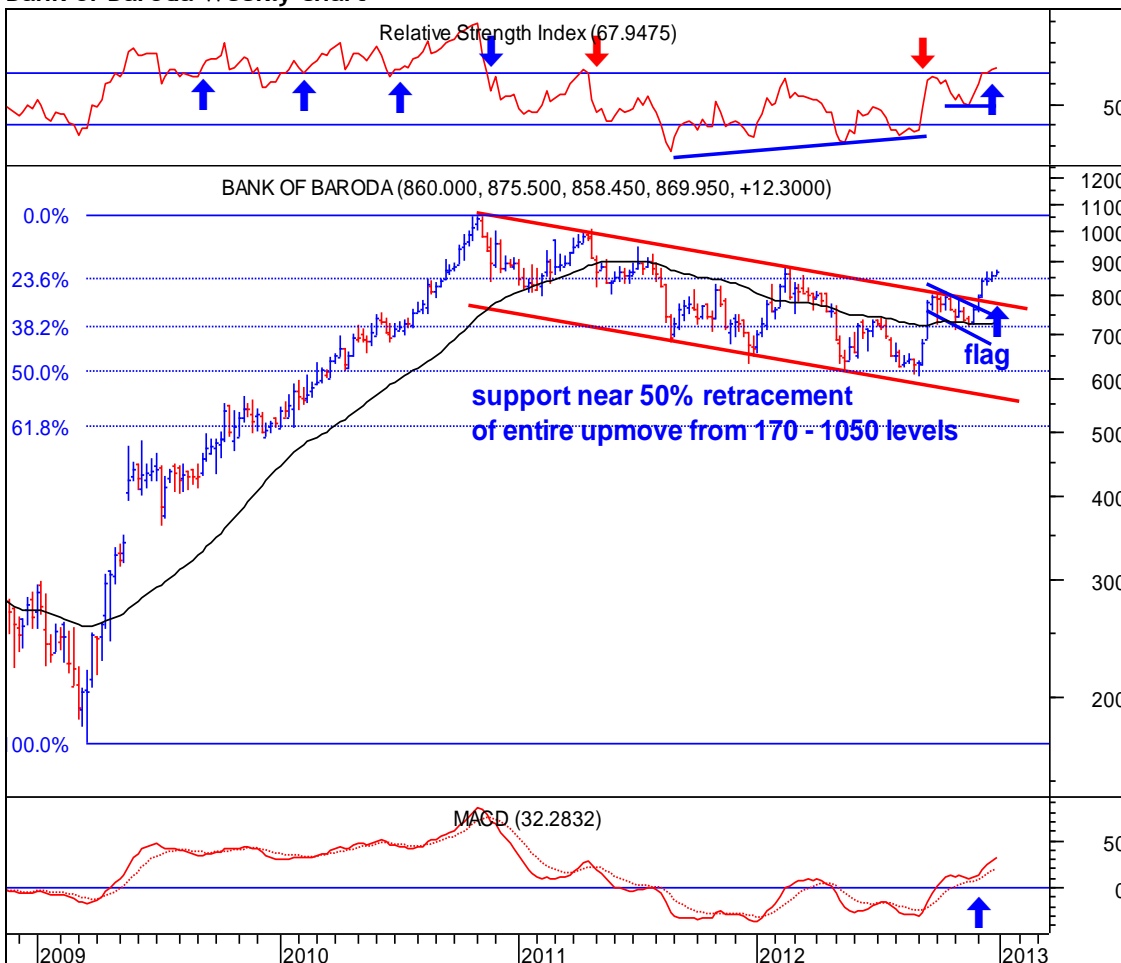
We should start the next leg up in the form of wave 'v' of (3) & prices could eventually test 200 levels.

In the above weekly chart 38 week time cycle has worked effectively & has given timely bottoming out & topping out signal. There is a possibility prices have given a bottoming out signal & we should start the next leg up supported with the above internal wave counts.

In the short term we expect an initial move towards 175 with immediate support at 158 levels. Medium term support lies at 153 levels



Bank of Baroda Weekly chart



Waves Analysis:

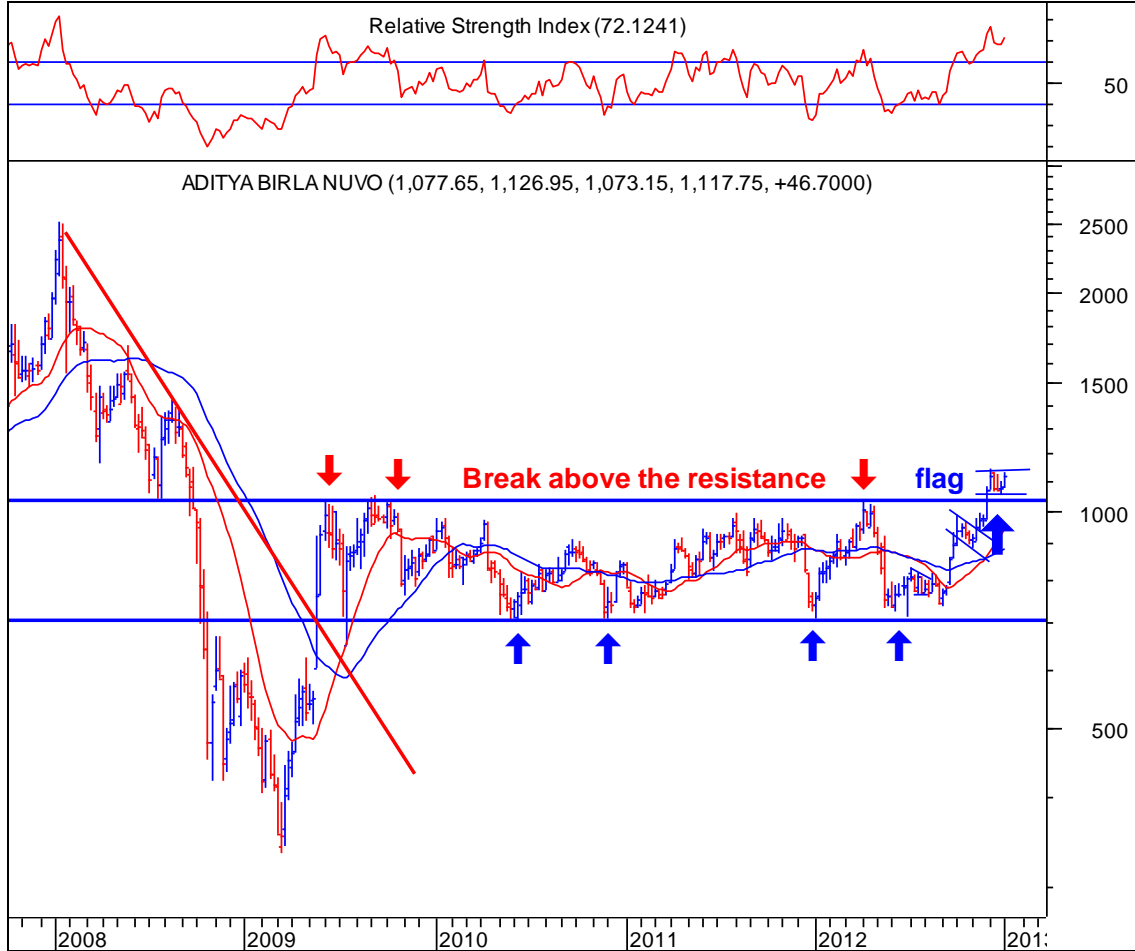
For Bank of Baroda as shown in the above weekly chart the stock has given a positive confirmation with a break above the downtrend channel from 1050-605 levels.

In our view the stock has bottomed out at 600 levels which happens to be the 50% retracement of the entire upmove from 170-1050 levels. The break out from the downtrend channel is from a continuation flag pattern.

The stock is trading above the long term 40 week MA.

The weekly RSI has made a bullish range shift above the 60 levels. The weekly MACD is also in positive territory. Medium term dips till 820 should be bought for upside towards 1040 levels.

Aditya Birla Nuvo Weekly chart



Waves Analysis:

For Aditya Birla Nuvo as shown in the above weekly chart prices have given a positive confirmation with a break above the 3 year consolidation from a rectangle pattern between 700-1030 levels.

The stock has formed a bullish flag pattern & favored view would remain with a positive bias & medium term we expect stock to move higher towards 1400 levels.

Going forward now 1030 should act as strong support.



**HDFC Bank Quarterly chart (Semi Log):
Anticipated on 16th July**





Happened



Waves Analysis:

On 16th July we mentioned “For HDFC Bank we have shown the wave labeling on the quarterly chart from year 1996. The upmove is impulsive in nature. In our view the upmove from the low of 4.80- 59.00 is wave ‘1’ of larger degree. Thereafter wave ‘2’ completed near 37.20 levels which is 38.2% retracement of wave ‘1’. The rise from 37 levels (2002) - 365 levels (2008) is wave ‘3’ where RSI was at the maximum level. Thereafter prices drifted lower to 154.80 & completed wave ‘4’ which happens to be the 61.8% retracement of wave ‘3’. The rise in prices from the low of 154 levels (2009) till date is in the form of wave ‘5’. The ongoing move is wave ‘iii’ of wave ‘5’. From the larger term perspective we expect prices to move higher towards 800 levels or more. Wave ‘5’ can extend till 1000 levels.”

As anticipated prices have moved higher near 700 levels. In the medium term sustained move above 705 is required for further upside towards 760 followed by 800 levels. On the downside stock has support lies at 640 levels. As per Dow Theory also it can be seen the stock is in a secular uptrend & has been forming higher top & higher bottom since 1995.

The quarterly RSI has been sustaining above 60 levels since 1995.



**Maruti Suzuki Weekly (Semi-log) chart
Anticipated on 23rd Oct**



Happened



**Waves Analysis:**

On 23rd Oct we mentioned *“For Maruti we have shown wave labeling on the weekly semi-log chart since 2003. The upmove from (July 2003- Feb 2004) 160-588 levels is in the form of wave ‘1’ of primary degree. Wave ‘2’ retraced 61.8% of wave 1 & completed at 300 levels.*

The upmove from (May 2003- May 2006) 300-975 levels is in the form of wave ‘3’ of primary degree which happens to be 1.618 wave ‘1’. Wave ‘4’ retraced 38.2% of wave ‘3’ & completed at 715 levels. Thereafter the upmove from 715-1248 levels is in the form of wave ‘5’ of primary degree where wave ‘5’ attained equality with wave ‘1’ (wave ‘5’=wave ‘1’).*

The entire upmove from (July 2003-Nov 2007) 160-1248 is in the form of wave (1) of cycle degree.

Wave (2) of cycle degree completed at 433 levels. The upmove from (2008 lows- 2009 highs) 433-1737 levels is in the form of wave 1 of wave (3) cycle degree.

The decline from (Oct 2009-Dec 2011) 1737-900 is a three wave corrective structure in W-X-Y formation. Wave ‘2’ of primary degree retraced 61.8% of wave ‘1’ & completed at 900 levels.

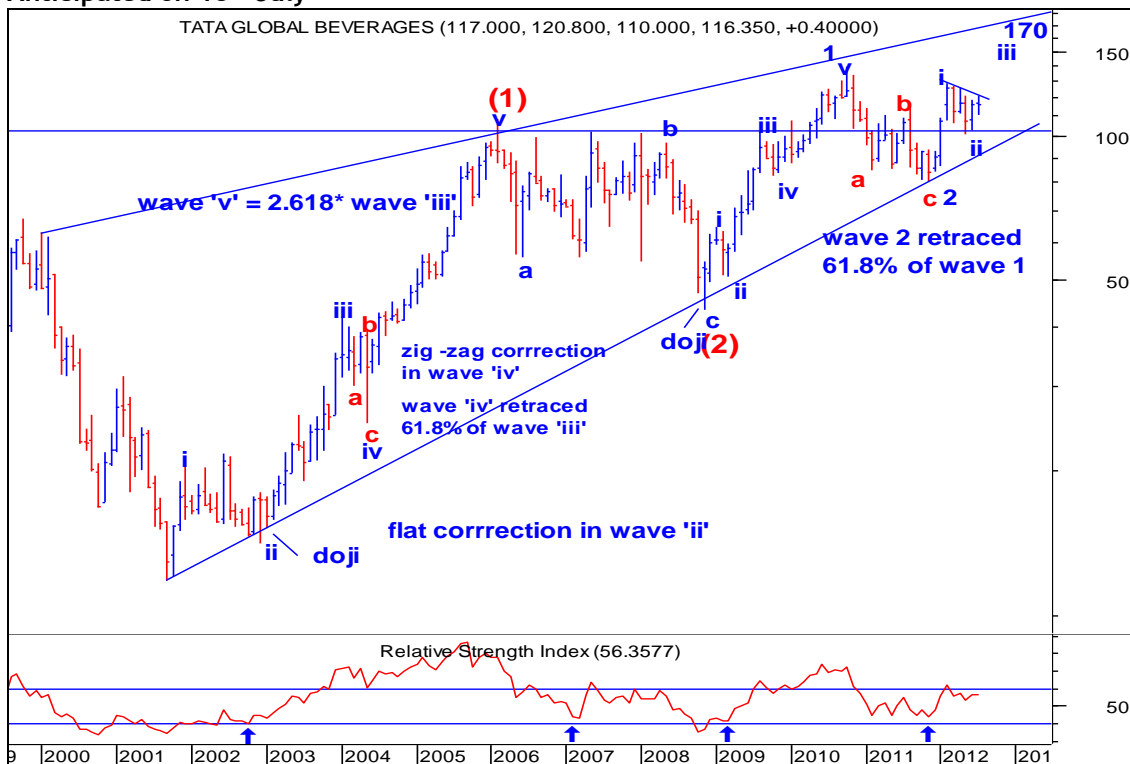
The upmove from (Dec 2011- Mar 2012) 900-1428 is in the form of wave ‘i’ of intermediate degree. Thereafter wave ‘ii’ retraced 61.8% of wave ‘i’ & completed near 1051 levels.

The current upmove is in the form of wave ‘iii’ of ‘3’ where we expect prices to rally towards 1600 levels. The projection target for wave (3) of cycle degree is near 2200 levels. Medium term traders can buy on sustained move above 1410 for upside target near 1600 levels.”

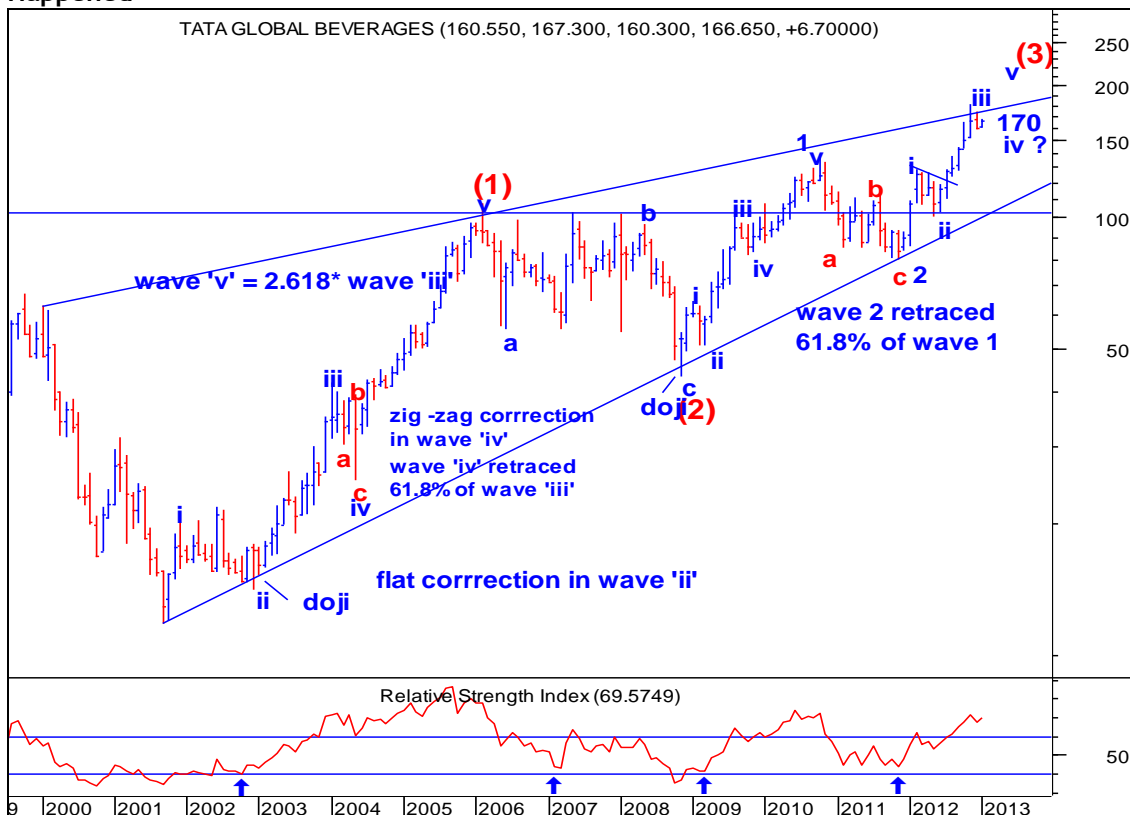
As anticipated in our previous update the stock has rallied in form of wave ‘iii’ of 3. We can expect the current upmove to stall near 1580/1610 before we start the next leg up. A corrective decline in the form of wave ‘iv’ till 1515 is possible & we could start wave ‘v’ & prices should retest the previous high near 1750.



TATA GLOBAL BEVERAGES Monthly chart (Semi-log)
Anticipated on 18th July



Happened



**Waves Analysis:**

On 18th July we mentioned “ *For Tata Global Beverages we have shown the wave labeling on the Monthly (Semi-log) chart from the year 2001. In our view the upmove from 11.75-107.80 is wave (1) of larger degree. In the internal wave counts we can see wave ‘v’=2.618*wave ‘iii’. The decline from 107.80-43.30 levels is in the form of wave (2) of larger degree.*

The upmove thereafter from 43 levels is in the form of wave (3) of larger degree in which wave ‘iii’ of minor degree is ongoing. Wave ‘ii’ of minute degree was completed near 100.45 levels. On the larger time frame a monthly break above 128 levels would give a strong positive confirmation for upside target towards 170 levels.”

As anticipated in our previous update prices have moved higher in form of wave ‘iii’ near 170 levels. In the short term there is a possibility wave ‘iii’ has completed near 180 levels & we could see a corrective decline in the form wave ‘iv’ till 148 levels & thereafter the next up leg where prices should eventually move above 180 & test 235 levels on the upside in the long term in the form of wave (3) of cycle degree.

The stock is in an uptrend & has relatively outperformed the midcap Index.

Indian Hotels Weekly chart



Waves Analysis:

For Indian Hotels as shown in the above weekly chart the 93 period time cycle has been working effectively since 1997 & has given timely topping & bottoming out signal. The stock has taken support near the rising uptrendline from 2001 lows.

The upmove from 2001 appear to be a large triangle formation. In the triangle formation wave 'C' is $0.618 * \text{wave 'A'}$. Wave 'D' retraced $76.4\% \text{ wave 'C'}$. In our view the ongoing move is in the form of wave 'E'. Considering wave 'E' to be the smallest leg of the triangle pattern we get a minimum projection target over a medium term where wave 'E' could be at least $0.382 * \text{wave 'A'}$. The upside projection target is near 100 levels.

In the medium term as long as cycle low which also happens to be the completion of wave 'D' of the triangle near 50 levels is protected favored view would remain with a positive bias for initial upside towards 82 followed by 100 levels.

It is important to understand the entire structure appears to be in a triangle formation time wise prices would take time to unfold.



NMDC Weekly chart:



Waves Analysis:

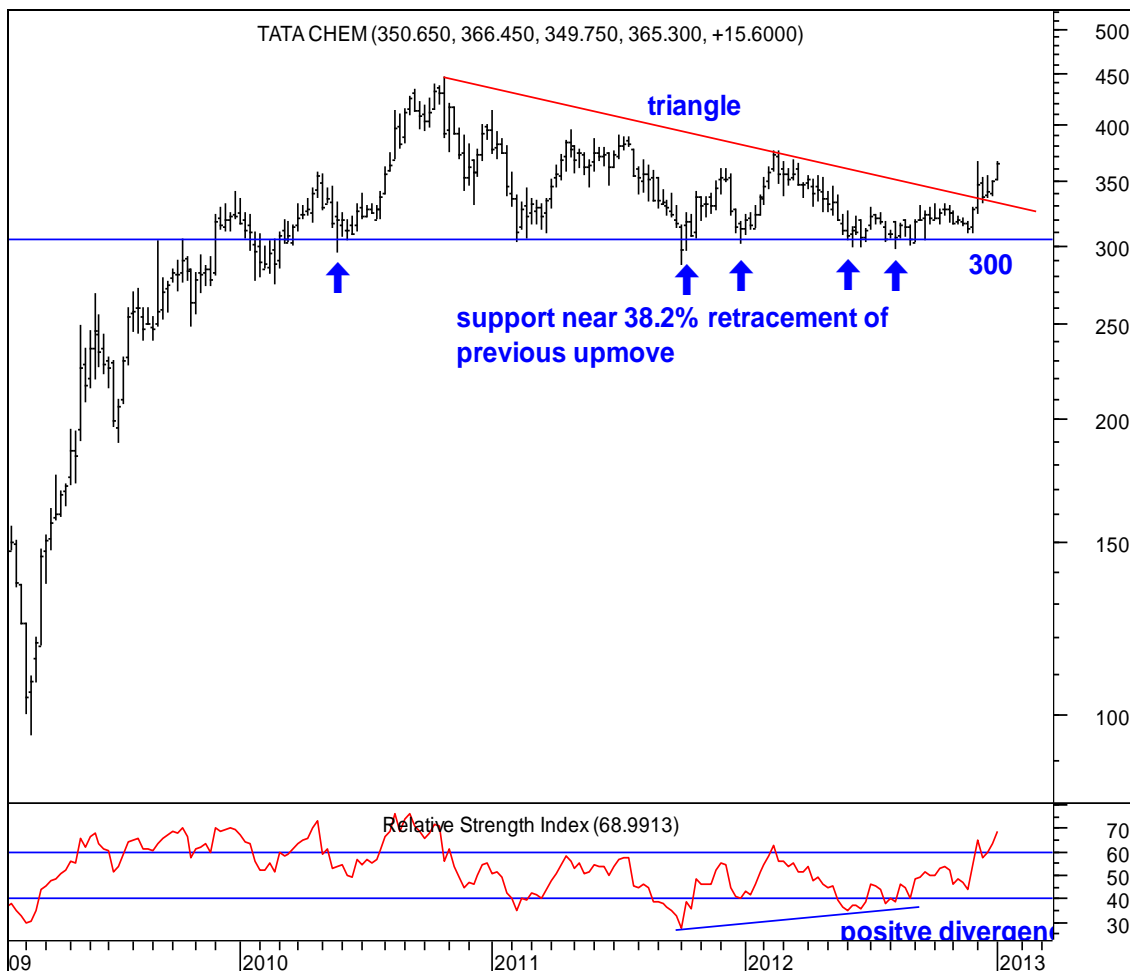
For NMDC we have shown wave labeling on the weekly chart. In our view the move from 119-571 levels (2008-2010) is impulsive in nature.

The decline from 571-135 is corrective in nature. Thereafter prices have given a positive confirmation with a break above the downtrend channel. On the retest of extended trendline we have witnessed highest volume suggesting bullishness near the support levels. We expect the stock to start the next leg up & in the medium term stock to atleast move higher towards 220 followed by 255 levels.

From a medium term perspective move above 195 would give a confirmation of a trend reversal. However risk reward is favorable at current levels to initiate long position with immediate support at 157/155 on closing basis.

For medium term position level of 135 should be maintained as the risk management level as a decline below this may negate our bullish wave count.

Tata Chemicals Weekly chart



Waves Analysis:

For Tata chemical as shown in the above weekly chart prices have taken support near 38.2% retracement at 300 levels of the entire upmove from 46-446 levels.

In the above chart it can be seen the stock has given a positive confirmation with a break above the triangle pattern.

In the medium term we expect prices to move higher towards 420 levels. On the downside it has immediate support at 320 levels. Prices may consolidate between 360-335 levels before the next fresh rally. Dips to 350-340 should be used as a buying opportunity.



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