

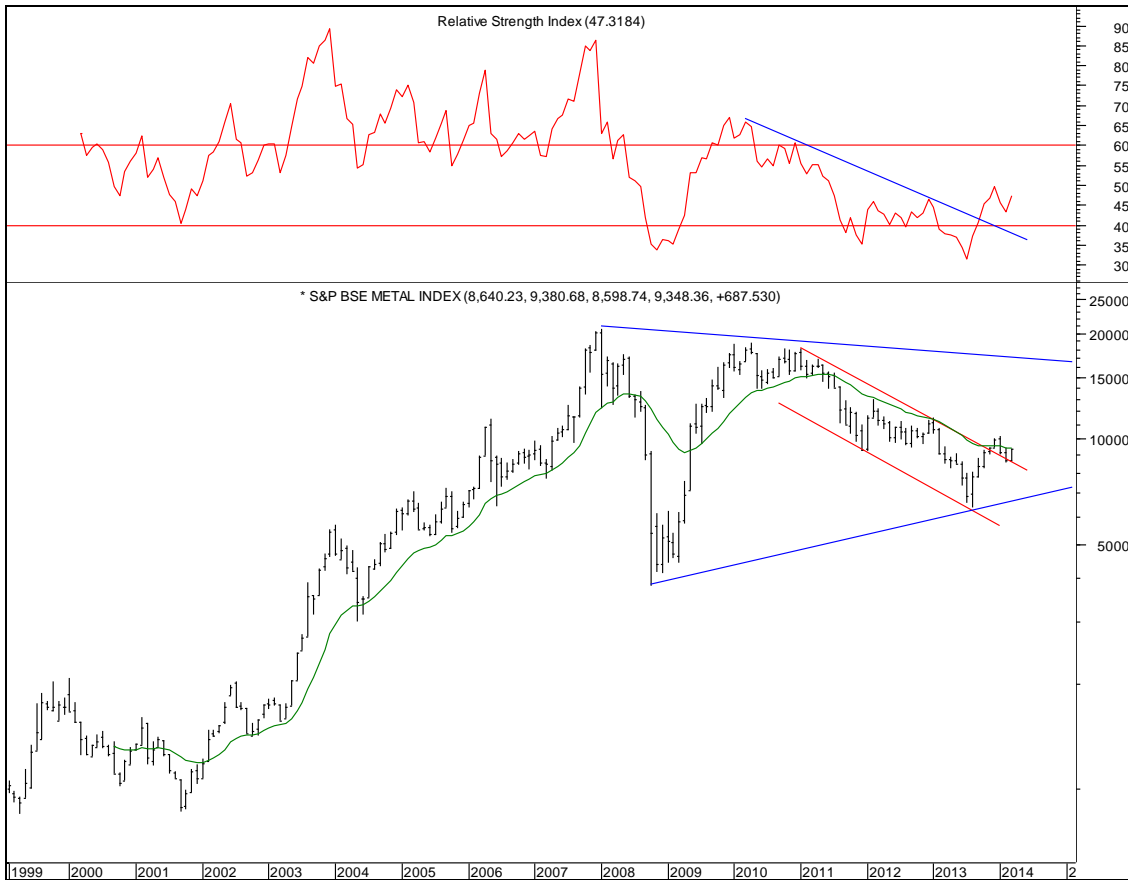


**BSE Metal Index Outlook**

*Nifty is at an all time high and specific Sectors and stocks are showing enormous strength and momentum. While we await the big event unfolding in May for our country , whether the current breakout is genuine still remains a doubt. Advance Decline ratio is still not confirming to the roaring act of few stocks and sectors, but we still believe there are enough pockets in the market where money can still be made on the long side.*

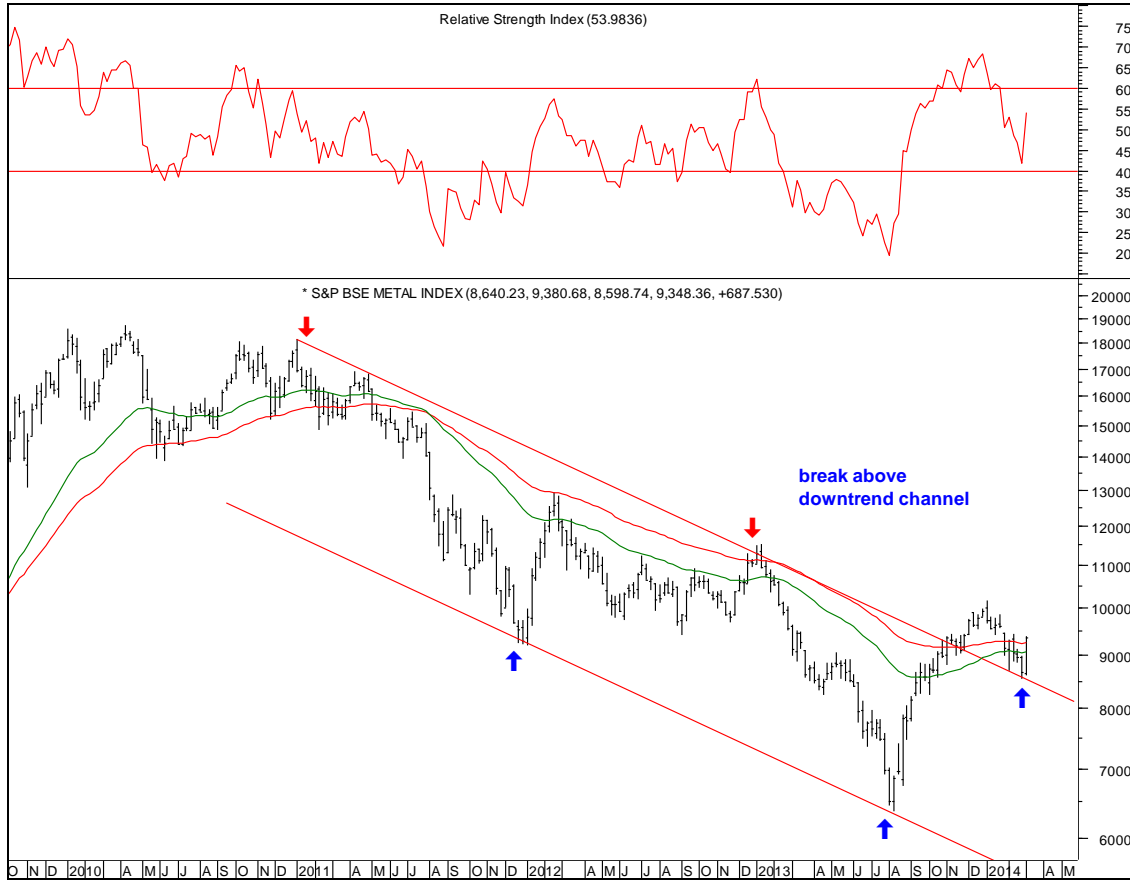
*Metal index has performed exceedingly well in the last quarter and continues to show enough promise for further upside. We have covered our bullish Outlook on the Metal Index along with a detail forecast on specific Metal stocks with Crucial levels to watch for. If the Index breakout is for real and if Index is able to sustain above the breakout level of 6350-6300, Metal Index may continue to outperform the broader Index and selective stocks and good returns to offer.*

**BSE Metal Index Monthly chart**





**BSE Metal Index Weekly chart**



**Wave Analysis:**

In the above monthly chart it can be observed BSE Metal Index prices witnessed a secular bull run since 2001-2007 levels. Thereafter since 2008-2013 we have seen bear phase & consolidation phase. In the seven year bull trend prices were trading above the long term 20

month moving average for a brief period. Currently we are in the early part of the month where it has been observed prices are hovering around the 20 month moving average. Monthly close above 9465 would suggest a strong positive confirmation. Monthly RSI has given a break above the downtrendline & is currently in the neutral zone between 40-60 levels.

On the weekly time frame Index prices have given a positive confirmation with a break above the 3 year downtrend channel & thereafter has been taking support near the extended downtrendline. Weekly RSI has taken support at 40 levels. As long as Feb lows near 8540 is protected favored view would remain with a positive bias from a medium- long term perspective. Sustained move above 9840 would suggest further upside near 11800 levels.



**BSE Metal Index/BSE Sensex Weekly Ratio chart**



**Wave Analysis:**

The above chart shows the Relative strength comparison between BSE Metal Index & BSE Sensex prices. We have considered BSE Metal Index prices in the numerator versus BSE Sensex prices in the denominator.

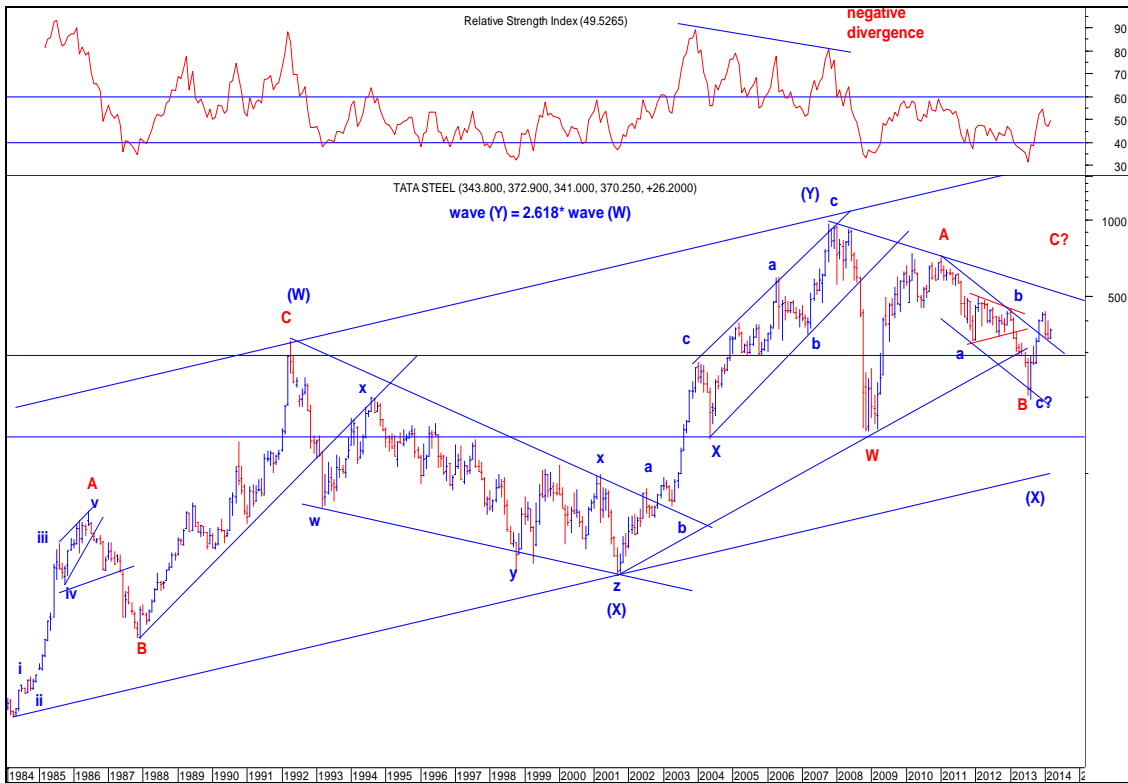
It often happens to traders that one sector of the market is moving up but within that sector a trader may get into the wrong stocks which underperform the sector. So it is very important to get into the right stocks within the Index or sector in order to outperform the market.

In the above weekly chart it can be seen in the year 2005, 2008 & 2010 ratio has historically taken resistance near 1.03 levels suggesting the peak of outperformance forming a triple top pattern

*Thereafter the decline in ratio since 2010 ratio has been forming lower top & lower bottom moving in a downtrend channel indicating Bse Metal Index prices are underperforming BSE Sensex prices. In the month of Aug 2013 the ratio made a significant low near 0.35 levels & thereafter has given a positive confirmation with a break above the three year downtrend channel & is trading above the long term 40 week MA suggesting the underperformance relative to Sensex prices has come to an end. Currently we can expect some consolidation between 0.40-0.47 levels. A break above 0.47 on ratio would suggest strong outperformance for Metal prices relative to Sensex prices.*



Tata Steel Monthly chart



Tata Steel ( Time Cycle)



For Tata Steel we have shown the wave labeling since 1984 on the Monthly Semi-log chart. The upmove from 10-334 levels (1984-1992) levels is in the form of wave (W) of primary degree which lasted for 8 years.

Thereafter the decline from 334-40 levels in w-x-y-x-z formation since the peak of 1992-2001 levels was corrective in nature in the form of wave (X) of primary degree.

The upmove from 39-969 levels (2001-2007) is in the form of wave (Y) of primary degree. Wave (Y) = 2.618 \* Wave (W). The decline from 969-146 levels is in the form of wave 'W' (2007-2008). Since the low of 2008 we have seen a corrective rally from 146- 713 levels in the form of wave 'A'. The decline from 713 levels since Mar 2011 is in the form of wave 'B'. In our view wave 'B' completed near 195 levels. Wave 'c' = 0.618\* wave 'a'. The upmove since Aug 2013 is in the form of wave 'C'.

In above chart it has been observed in the month of Feb prices have taken support near the extended trendline of the downtrend channel. Recent low near 336 should act as immediate support.

On the weekly time frame RSI has formed a positive reversal suggestig higher levels. Medium term as long as 320 is protected on the downside on closing basis upside near 445 levels can be expected. In the second half of may- early June 355 period time cycle would come into play where a trending directional move can be expected.



Sesa Sterlite Weekly chart



**Wave Analysis:**

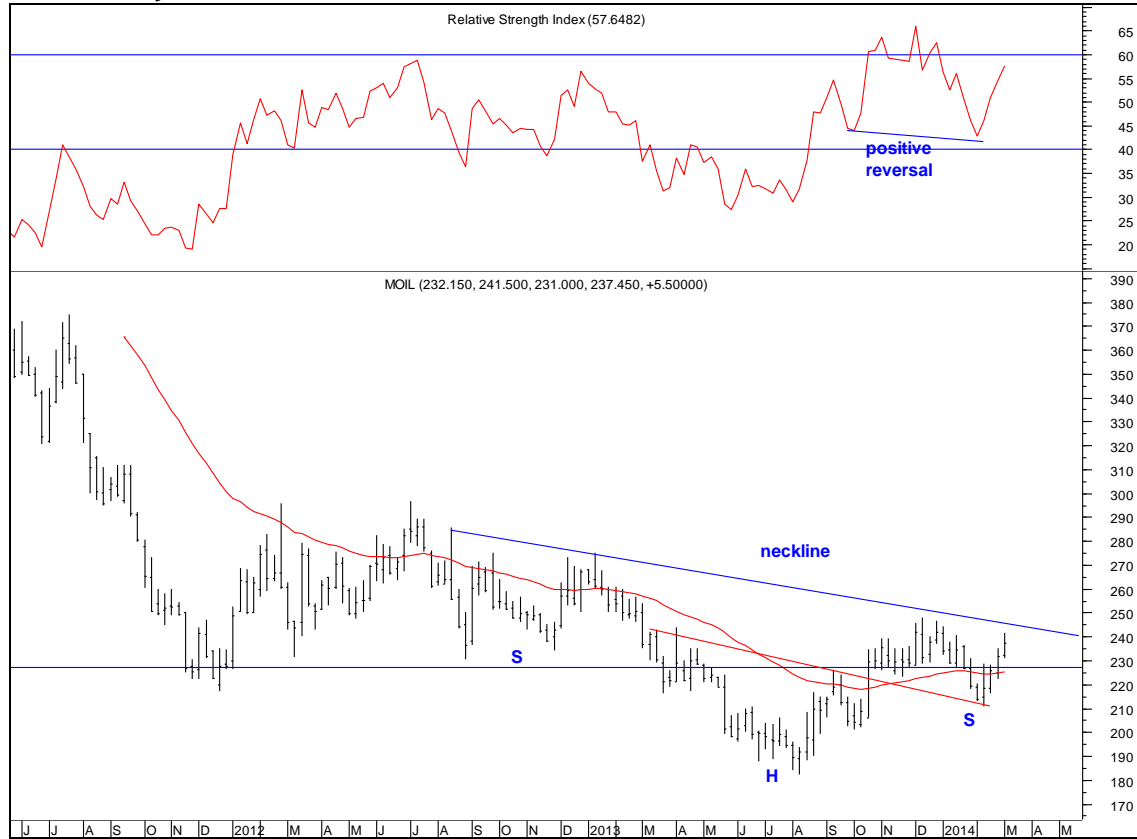
Sesa Sterlite prices have given a positive confirmation with a break below the 3 yr downtrendline from the high of 2010 since then the stock has witnessed upward momentum. For the last five months prices have been consolidating in a range of 170-210 levels.

Prices have taken support near the long term 40 & 65 week MA. LaSt week 40 week MA has shown signs of positive crossover above the 65 week MA. On the weekly time frame RSI has formed a positive reversal suggesting higher levels.

In the short term as long 170 is protected on the downside on closing basis we can expect intial upside towards 210/215 levels. Sustained move above 210 would suggest a fresh break out for further gains.



MOIL Weekly chart



Wave Analysis:

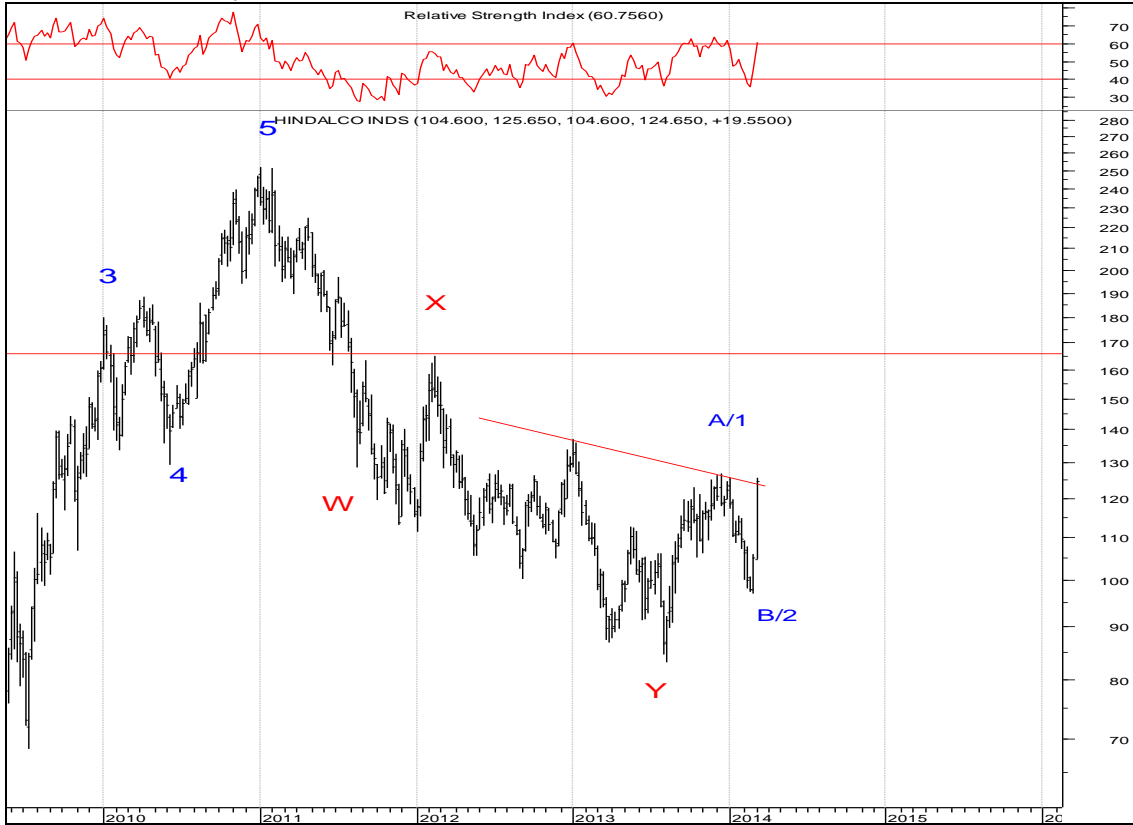
For MOIL prices it can be observed since its IPO in DEC 2010 the stock was in a downtrend forming lower top lower bottom till Aug 2013. In August 2013 we have observed the bottoming out process for BSE Metal Index as well as the stocks within that sector.

In our view prices have shown signs of bottoming out process & the current rally is in the form of right shoulder of a bullish inverse head & shoulder formation. On the downside prices should find support near the 40 week MA which is near 220 levels.

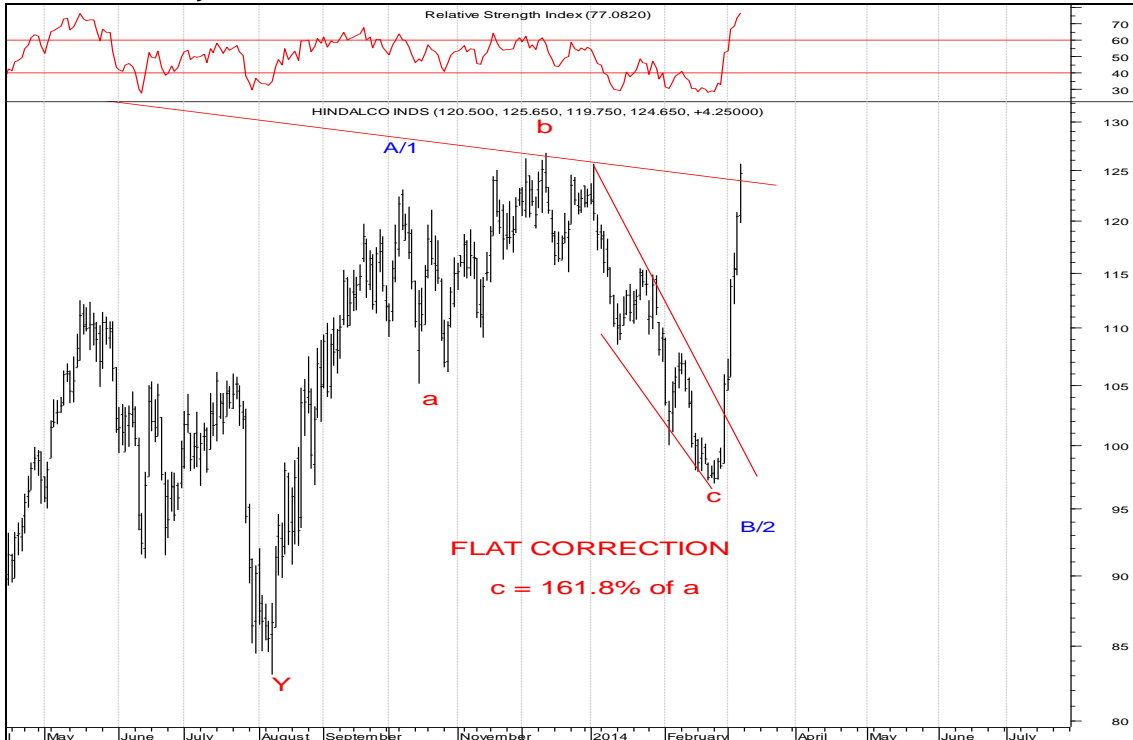
The weekly RSI has formed a positive reversal suggesting upside target near 252 levels. In our view wave 'B' completed near 210 levels. Medium-long term sustained move above 245 would suggest upside near 275/280 in the form of wave 'C'.



HINDALCO Weekly chart



HINDALCO Daily chart



**Wave Analysis:**

In the above scenario we have shown the long term wave counts for Hindalco prices on the weekly chart. The decline from 250-83 levels is in a three wave corrective structure in W-X-Y formation. The upmove from 83-127 is in the form of wave '1'/A. Wave '2'/B completed near 97 levels. The current rally is unfolding in the form of wave '3'/C in which case prices could eventually test 141/165 levels.

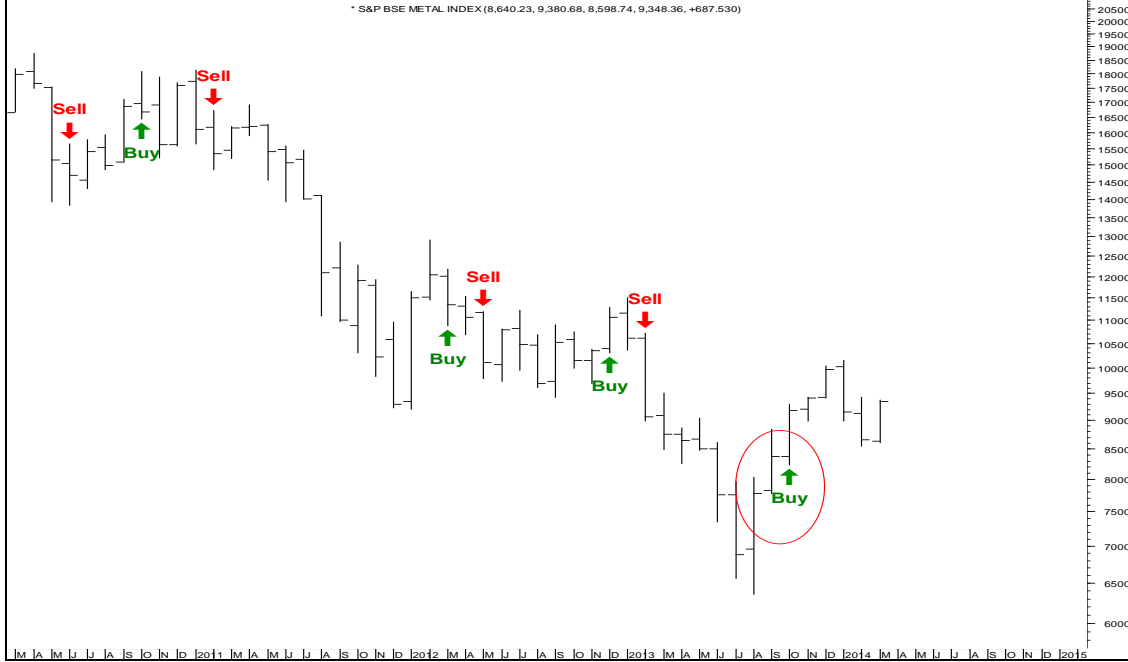
On the daily time frame prices have complete wave 'B' in a flat correction. Wave 'c'=1.618\*wave 'a'. Now the stock has support in the zone of 115-108 levels.

On the weekly chart we see a possible inverse Head & Shoulder formation and a move above the neckline level of 130 will open up further bullish possibilities. Immediate target above 130 is the equality target near 138-140 levels for Hindalco while the Head & shoulder targets are around 150-160 levels.

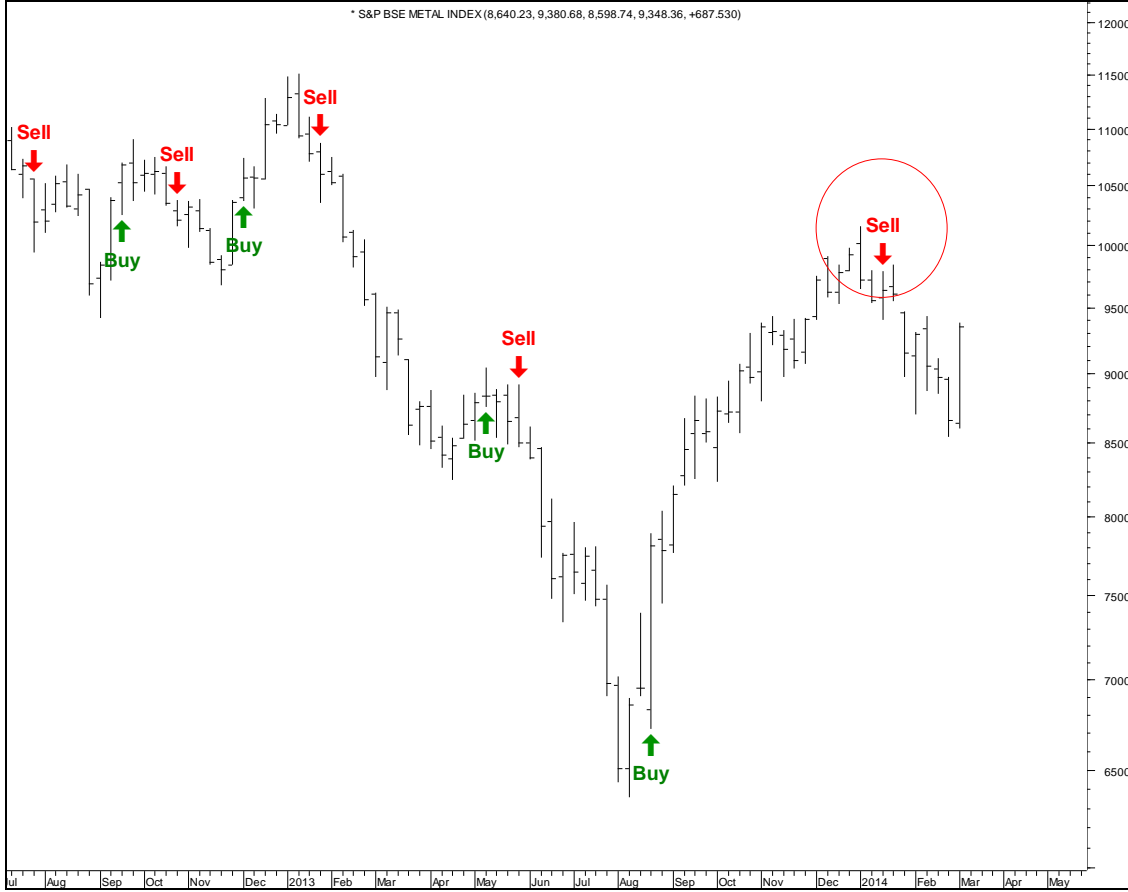
Important thing for Hindalco is to surpass the hurdle at 130 levels and sustain above it for further momentum. Prices have not been able to break the 125-130 zone since many months and hence a move above 130 remains Crucial for further strength.



**Bse METAL Index (Automated Signal Monthly chart)**



**Bse Auto Index (Automated Signal Weekly chart)**





**Stock Ranking (Relative performance within the sector)**

<b>S.NO</b>	<b>Stock</b>	<b>Weekly automated signal</b>	<b>Monthly Automated Signal</b>
1	Tata Steel	SELL	BUY
2	HINDALCO	BUY	BUY
3	SSLT	SELL	SELL
4	MOIL	BUY	BUY



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