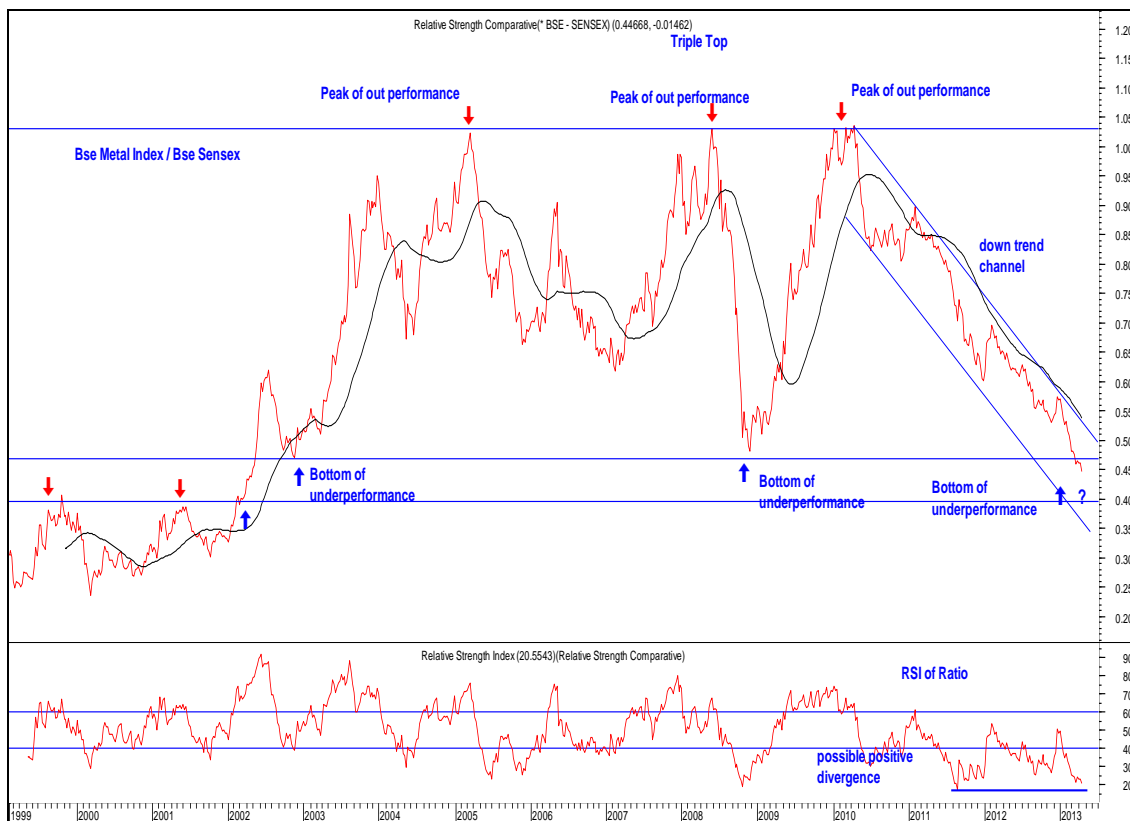




Bottom Line: TATA STEEL prices are nearing a crucial reversal level, but medium to long term trend continues to remain weak.

Bse Metal Index/ Bse Sensex Weekly (Ratio chart) - *RELATIVE STRENGTH ANALYSIS*



Wave Analysis:

Before analysis the individual chart of TATASTEEL we have taken a look at the broader Metal Index to understand how will the Metal back perform going ahead given its underperformance from some time. 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.

Currently the ratio is at a crucial level at the low of 2002 & 2008 from where Metal Index in the past had reversed their underperformance & entered into a brief period of outperformance.

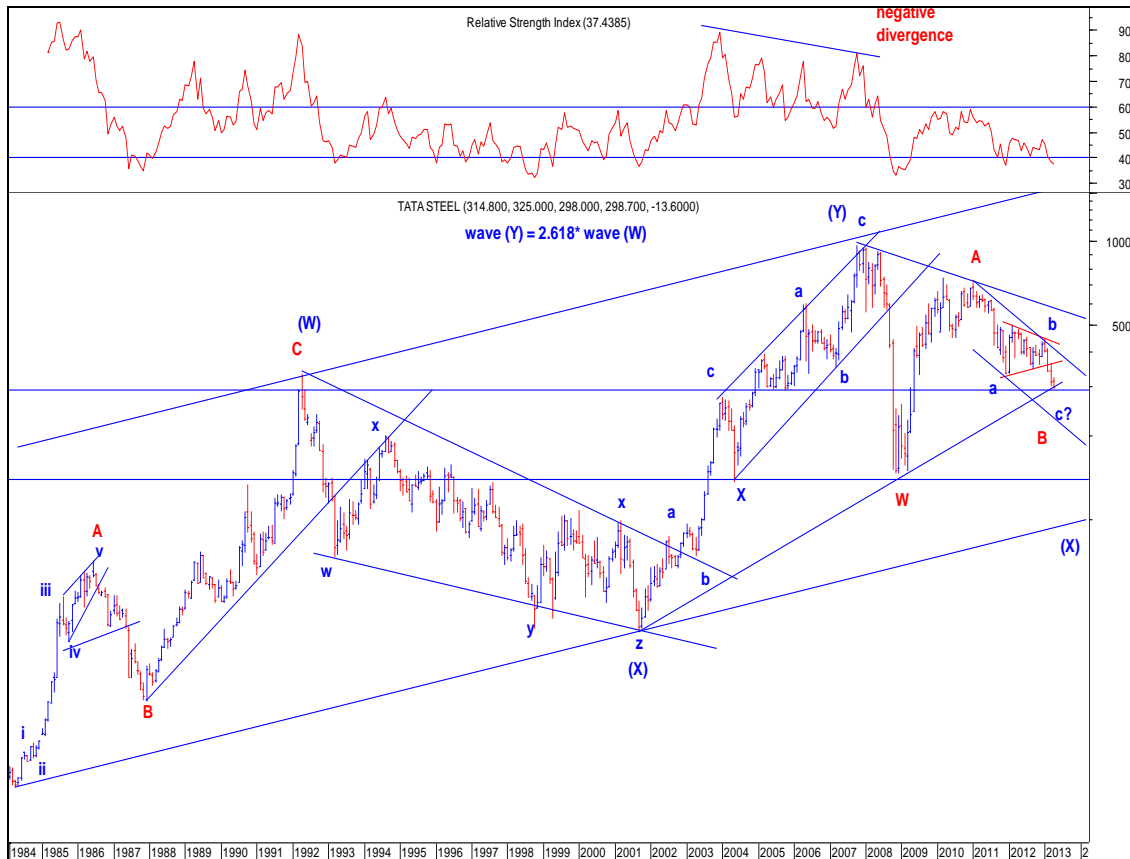
In our view if the ratio finds support near 0.45 levels then we could see a phase where Bse Metal Index now could start outperforming Bse Sensex prices.

Failure to hold 0.45 levels could extend the underperformance & ratio could extend till 0.40 levels.

The RSI of above relative strength comparative chart on weekly time frame is oversold & forming a possible positive divergence suggesting a reversal of underperformance to outperformance is due. A break above the downtrend channel at 0.50 levels would give a medium-long term positive confirmation & suggest the underperformance has bottomed out.

TO SUM IT UP, WE FEEL METAL INDEX SHOULD BOTTOM OUT NEAR CURRENT LEVELS AND START OUTPERFORMING THE BRODER INDEX

Tata Steel Monthly (Semi-log) chart: LONG TERM WAVE COUNT



Wave Analysis:

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 current decline from 713 levels since Mar 2011 is in the form of wave 'B' in which prices have been forming lower top & lower bottom moving in a downtrend channel.

Currently prices are trading near a crucial support-resistance level. On the Monthly chart it can be observed the stock has strong support near horizontal trendline at 294 levels which also happens to the intersection level of an uptrendline drawn from lows 2001.

If the stock manages to hold 290 levels we can expect prices to test 325/340 levels. Failure to hold 290 would give a negative confirmation & would suggest the current decline is extending & prices could eventually drift lower towards 270 followed by 240 levels.

Tata Steel Daily chart: *TIME CYCLE ANALYSIS*



Wave Analysis:

For Tata Steel on daily time frame we have shown the 355 period time cycle since 2001 lows which has given timely buy & sell signals.

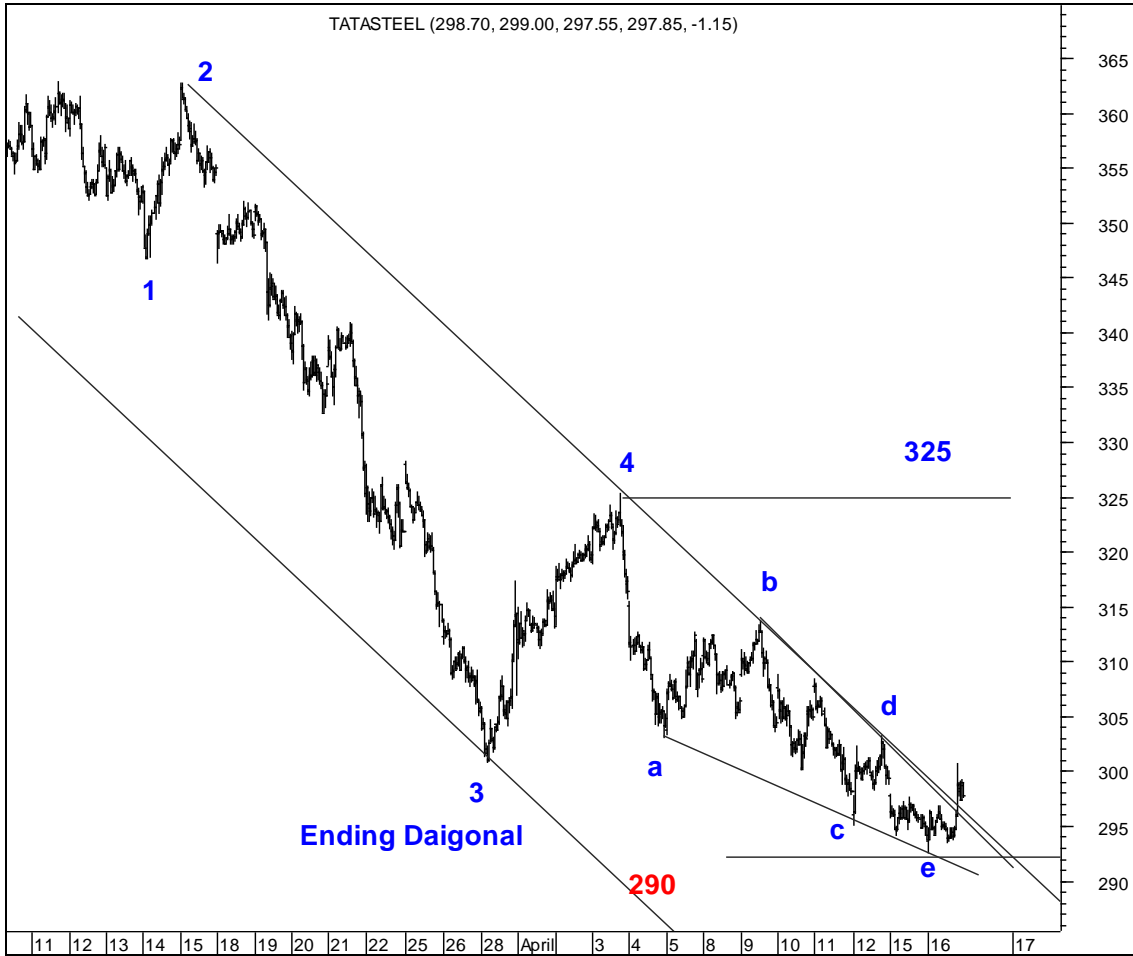
The interesting thing to observe is since 2008 in all four occasion prices have given a sell signal. The next time cycle signal is in May 2014.

Till May 2014 we do not expect prices to move above the previous cycle high of 450 levels formed in Jan 2013.

At higher levels till next cycle date we believe prices would find selling pressure at higher levels.



Tata Steel 15 min chart: Smaller Time Frame - *PULLBACK ON THE CARDS*



Wave Analysis:

Smaller time frame chart shows a clear five wave decline completion and prices have given a break above a ending diagonal pattern. Such a breakout suggests that prices should rally back from the start of the ending diagonal. This level comes around 325 which is also the previous wave '4'.

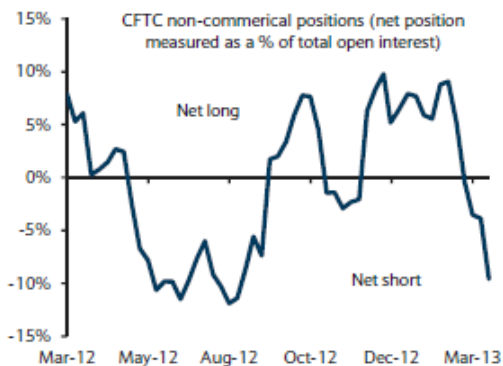
We could see a sharp rally towards 325 as long as 290 holds.



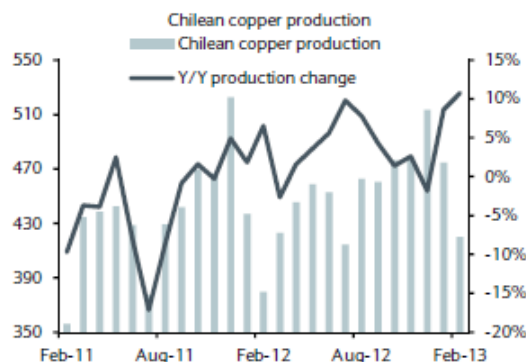
***Global Base metals: Macro dominates as covering risks grow**

Base metal prices have generally remained under pressure over the past week, weighed by macro uncertainties emanating from the eurozone. Until risks rescind regarding Cyprus’s current banking crisis alongside political uncertainty in Italy, the upside potential for prices will be limited. On the flip side, given the net short positioning across the complex indicated by the CFTC COMEX copper data (showing the largest net short in nearly 8 months), the risks of some covering and price support are evident on any positive surprises at a macro level. Moreover, developments in China over the past month have pointed to continued incremental improvement in demand with the potential to support a modest tightening in domestic fundamentals as we move into April. High frequency signals from the Chinese market have turned more positive with the import arbitrage improving for most metals (copper in particular). Evidence also points to improved downstream demand, albeit in line with seasonal norms. White goods production strength continues, and grid investment was up 44% in January-February from a low base, while most sectors have seen order books and sales pick up from mid-March. Overall, a sequential demand improvement is underway in China, although until there is evidence that this has evolved enough to drive a net draw on domestic metals stocks, it will remain limited in bullish potential for prices. To that end, copper-bonded warehouse stocks remained essentially unchanged in March.

CFTC data shows a mounting net short position developing in COMEX copper, raising risks of short covering



Chilean copper production falls modestly m/m in February but was still up close to 11% y/y



We have observed that Metal stocks are always leading a fall or a rally vis-à-vis Base metal commodities. Given that base metals are oversold and could give a pullback rally from here on, Metal Stocks should start rallying first before commodities show any revive.



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