



## Reliance Power Ltd

MOMENTUM	SHORT TERM	MEDIUM TERM	LONG TERM
	<b>SELL</b>	SELL	
Support			112; 125
Resistance			149; 167
50 DMA; Away from (%)			109.20; 23.72%
200 DMA; Away from (%)			125.30; 7.82%

CMP (INR)	135.10
52 Week High (INR)	309.40
52 Week Low (INR)	82.00
Market Cap (INR Mn)	32,380,707
P/E	129.90
Sensex P/E	16.61
P/BV	2.35
Dividend Yield (%)	-



After making a life time low of Rs 82 in Oct '08, the stock started moving sideways. After making intermediate bottom at Rs 89, the stock breached horizontal channel at ~ Rs 98 and flew with force to kiss the 200-DMA placed at ~ Rs 125.

The first Fibonacci retracement from the last 52-week high of Rs 309 is placed at Rs 135.67. Long term horizontal channel line placed at ~ Rs 150 is likely to provide stiff resistance. In the recent rally, the stock has gained ~ 59% since Mar '09.

The sock has entered a major congestion zone where multiple supply points exist.

Our proprietary stretch indicator has entered into overbought zone and reflects the current upmove is likely to peter out. However, 50x100-DMA positive crossover at ~ Rs 109 might act as a cushion and restrict major losses.

During the recent rally, a gap at Rs 105.25 - 106.25 has been created which is expected to be filled once the current upmove exhaust at ~ Rs 150.

On daily candlestick chart price has made a black body with long upper shadow signaling short term bearishness. Other momentum indicators also show bearish divergence.

We suggest to exit longs and initiate shorts ~ Rs 149-150 with target of Rs 123 and Rs 105.



**Momentum: 1-2 weeks; Short Term: 2-4 weeks; Medium Term: 4-26 weeks; Long Term: more than 26 weeks**

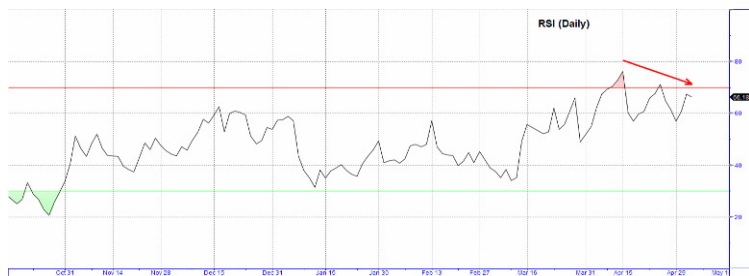
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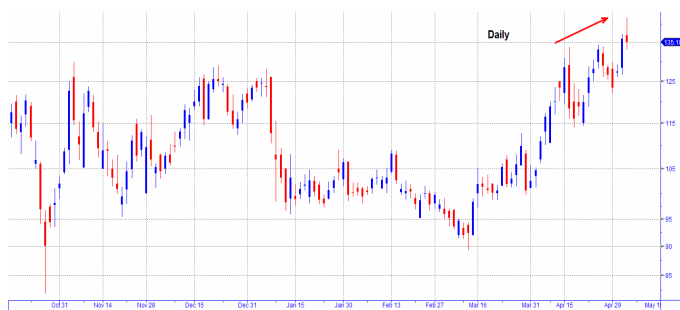
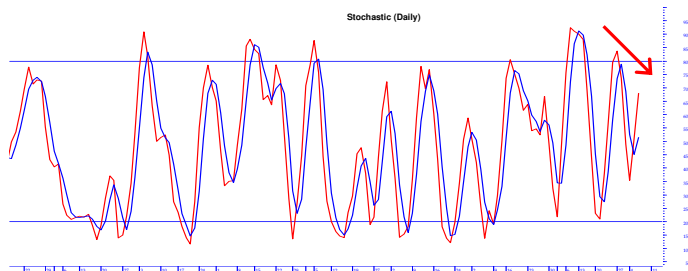


On daily charts, the momentum indicator RSI seems losing impetus and shows bearish divergence by making lower highs and lower lows while the stock is making higher high and higher low.

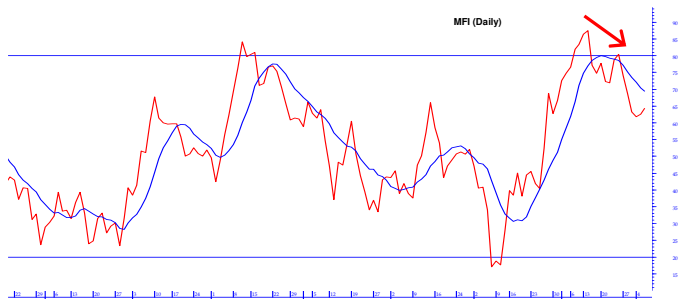


This divergence in price and momentum suggest the current price action might be nearing an end.

The momentum oscillator Stochastic on daily charts is also making lower highs whereas the stock price is making higher highs, indicating weakness in the stock's current price action.



The momentum oscillator Money Flow Index (MFI) is making lower highs and lower lows and giving bearish divergence to Reliance Power.



MFI has given negative crossover of its triggerline in overbought territory also strengthens our short term bearish stance on the price.



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