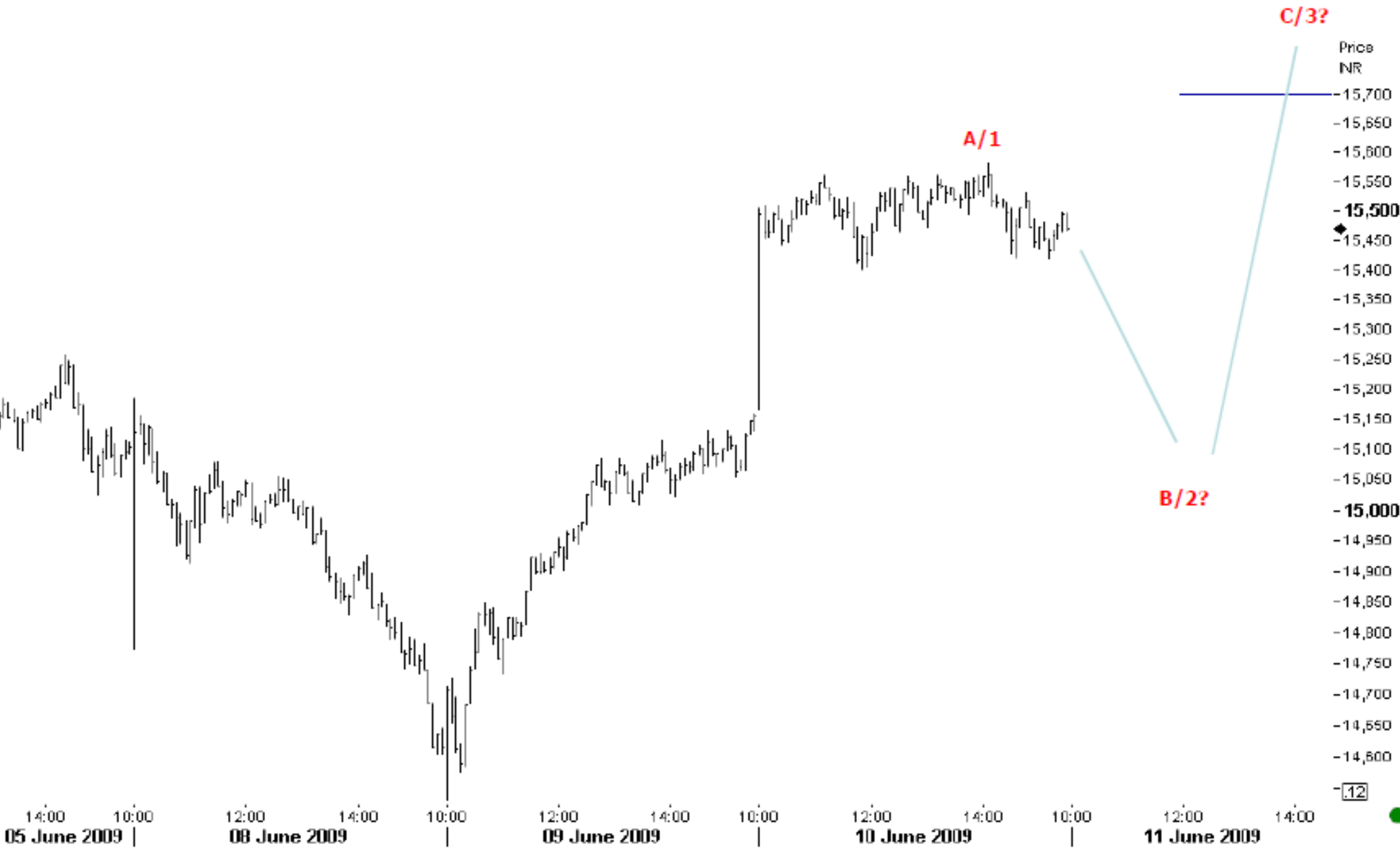
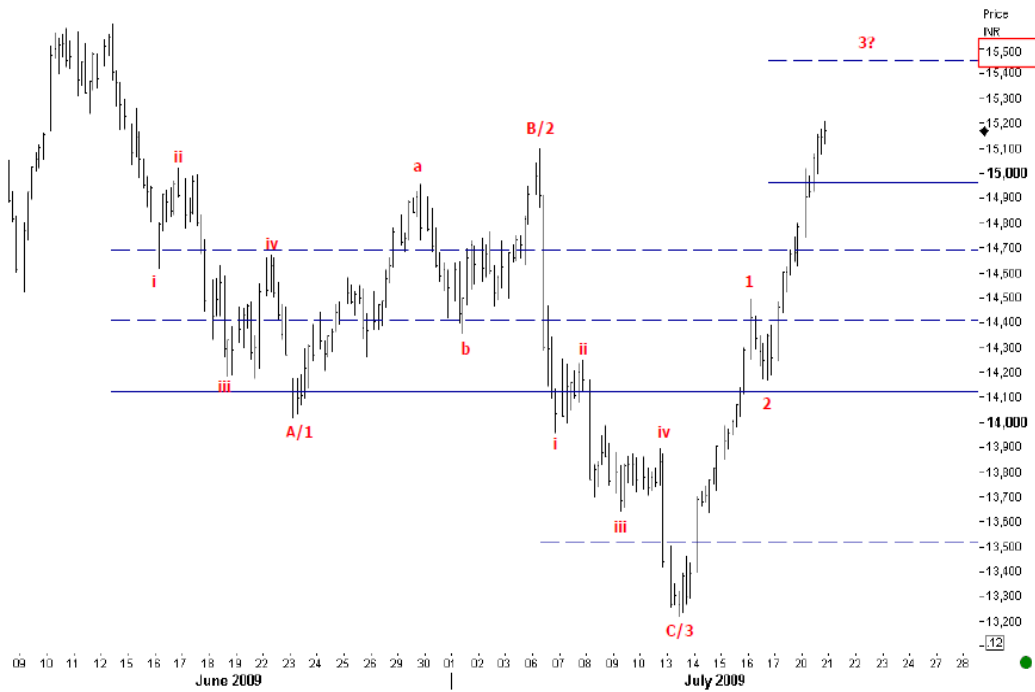


In June we talked first about the possibility of an ongoing large A-B-C corrective structure up.

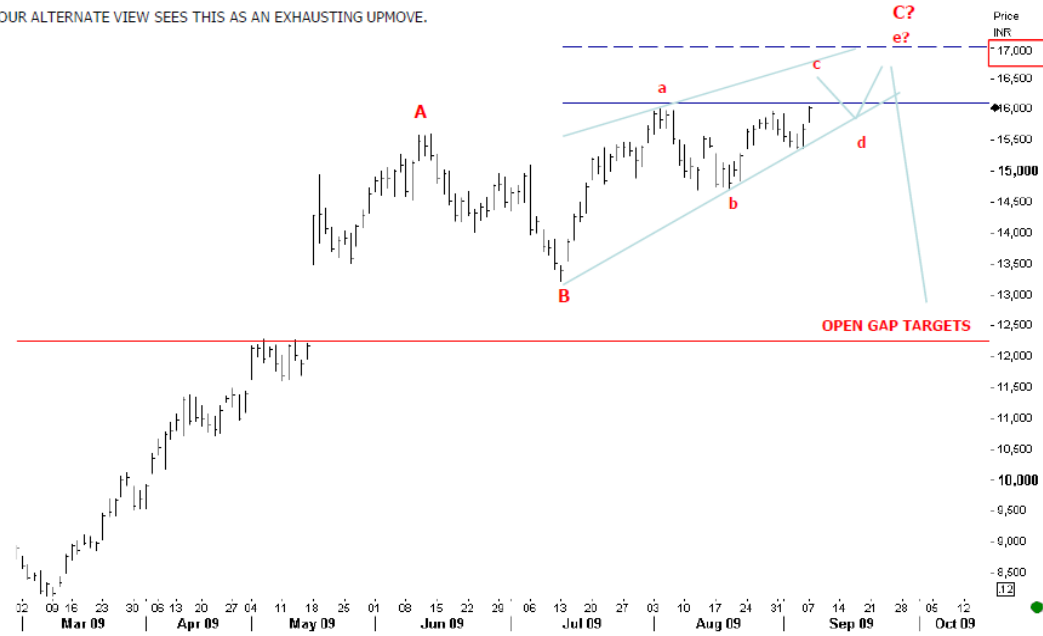


As we anticipated, prices continued to move in the second large corrective wave down.





OUR ALTERNATE VIEW SEES THIS AS AN EXHAUSTING UPMOVE.



After completing the corrective structure down, prices bounced back and we anticipated a positive impulse. On the 8th of September we talked first about the possibility of an ending diagonal in the larger C wave up (intermediate anticipated and happened case).

Sensex Daily. Expanding diagonal scenario

Anticipated 080909 and happened 221209



SENSEX 60MIN. ANTICIPATED AND HAPPENED

SUB KEY 16,200 WE CONTINUE TO LOOK LOWER.



Sensex 60MIN. Anticipated and happened



Sensex 60MIN. Anticipated and happened



THE TECH REVERSAL

Like we look at emerging market cues for gauging the direction on DOW and not vice versa, we are also open to looking at underperformers to understand the direction of performers. Because we at Orpheus consider performance cyclical. A blue chip underperforms another sector or stock when the performance cycle turns. This is why pairs like LONG CNXIT vs. SHORT NIFTY are not strange strategies. We will be discussing more about the above pair next time. Meanwhile we have covered the sector we love to hate. The leading sector of yester years has seen the cycle of love turning against it.

I remember a reader asking us early 2007 "How can Infy become half? What about the earnings". There were a host of other questions asked to us challenging the ridiculous forecast. One of the Orpheus fresher was recently asked about his work and after expressing surprise at how fractals and cycles can be used to predict, another question asked was "What if you go wrong?"

We humans have a fancy about many things. We are loss averse and scared to go wrong. This is the same like asking how can a market leader go bust. Well! there are some questions this generation will not ask again. Maybe the next generation will ask the same question again. But that's a long time.

Unlike all the activity on NIFTY and other indices, the CNXIT has been stagnating. We have inverted the chart here, which looks like an ENDING DIAGONAL to us. A five legged overlapping structure, which is generally seen in final fifth waves just before a reversal. What this means is (assuming we are not "WRONG") is that TECH might be ready for a reversal. This is not a small reversal. And could see prices push 30%. No mean task when everybody knows about job losses and crisis. The index has also hit key FIB projections and validates our case. Let's see.

This all positive view looks tough to digest when you look at NIFTY, which has slid back to previous lows. We have also carried NIFTY and BSEBANK Preferred and Alternate view. Both suggest at least a minor bounce either in a 2 up or a sustained bounce back above NIFTY 3,400. We are at key junctures and would suggest caution before anything. The latest report on WAVES.INDIA also carries TISCO and RELIANCE cases and a host of anticipated and happened cases on BSEOIL, BSE HEALTH CARE and BSEPOWER.

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STAGNATION AT SUPPORT

The supports continue to hold across broad markets. Barring BSE REALTY most other indices remain above OCT lows. Prices holding above respective lows is no great feat and suggests continued supply overhang rather than emerging buying interest. There is lot of sentiment negativity still. No wonder markets continue to stagnate.

It was only over the last few reports that we started carrying an alternate negative scenario. And it was not long ago we carried the INFLEXION point for Q1 2009. The prices are still at inflexion and the Q1 2009 is still far away. As we see things now, we are heading back to OCT lows after any weekly bounce but any breach at OCT lows should remain marginal.

The oscillator cycles also point to a minor up before a push lower into FEB last week or early MAR. Momentum overreactivity also keeps minor positivity alive. The anticipated NIFTY levels at 2,700 held and our preferred view still looks at the completing Z up. We mentioned about the late Q1 and early Q2 low in CYCLES.INDIA

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THE NEW CYCLE

This is what we said on 03 FEB in WAVES.INDIA

"Prices holding above respective lows is no great feat and suggests continued supply overhang rather than emerging buying interest. There is lot of sentiment negativity still. No wonder markets continue to stagnate.

It was only over the last few reports that we started carrying an alternate negative scenario. And it was not long ago we carried the INFLEXION point for Q1 2009. The prices are still at inflexion and the Q1 2009 is still far away. As we see things now, we are heading back to OCT lows after any weekly bounce but any breach at OCT lows should remain marginal.

The oscillator cycles also point to a minor up before a push lower into FEB last week or early MAR."

The forecast panned out as expected, we barely pushed into OCT lows. Now we are in a new cycle for Indian markets. To say that what's happening now in MAR is similar to what happened in OCT or what will happen in JUN 2009 is no easy task. Conventional fundamental, technical or statistical analysis can not differentiate or characterise time windows. Time cycles can give a few answers, but even time cycles is a developing science, which many consider more art than science.

We will talk about more ahead. But meanwhile what we can tell you is that time analysts have called the 1987 low in 1985 and 1930's depression low much earlier in time. We are not sure how strong our timing models are compared to other timing models available in the market today. But what we see now is an impending rise of 12-15 months from the MAR-JUN 09 time window. Emerging markets like India should continue to outperform DOW, which broke it's OCT low.

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