

## TECH VIEWS

# Nifty's Key Supports are at 11,335 & 11,192

According to technical analysts, the market is likely to see more weakness this week, but the correction could be a buy-on-dips opportunity for the near term. HDFC, Kotak Bank, CESC & MCX are expected to rally 5% in the near term, they said.



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**Where are We?** A strong momentum with positive bias is being witnessed since the beginning of the month; as Nifty & Bank Nifty staged returns of 6% & 10%, respectively. Record monthly FII inflows remained a key trigger for the elevated bullish sentiments. Barring Nifty IT, Media and Auto, other sectors, including Nifty Midcap and Nifty Smallcap, remained outperformers and added gains in the stated phase.

**What is in Store?** In the past election years, outperformance and strength of the trend have been witnessed. In that context, one can expect a lot more in terms of price appreciation. Seasonality charts of the year 2009 and 2014 indicate resilient performance by benchmark indices in both pre- and post-election phases; while in the year 2004 a sharp correction was followed by steady recovery. On the flip side, the short-term formation of "Doji" an indecisive candlestick on weekly charts indicates likely pause/correction before resumption of the up-trend. **However, we remain upbeat and advise incremental buying on the dips.** Key support is placed at 11,335 and 11,192.

**What can Investors Do?** The strong up-trend and seasonality factors are likely to favour the bulls. We are likely to see incremental buying on dips. **Along with bargain hunting trades in the underperforming sectors, one should include financials as a relative strength play.** We like HDFC Ltd, Kotak Bank, CESC and MCX on dips and expect a potential upside of over 5%.



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**Where are We?** After showing a consistent upmove in the last 7-8 sessions, the Nifty slipped into weakness on Friday and closed lower. A long bear candle was formed on Friday at a new swing high of 11,572, which signals profit taking from the highs. Technically, this action could be considered as a near-term reversal pattern at the highs and one may expect some more weakness in the coming sessions. We observe formation of higher tops and bottoms as per daily timeframe chart. Currently, Nifty seems to have formed a new higher top of the sequence. As per this pattern, one may expect further weakness in the next few sessions, which is going to be a buy-on-dips opportunity for the near term.

**What is in Store?** A high wave type candle pattern was formed as per weekly timeframe chart at the new swing high of 11,572 levels. Having moved up sharply in the previous 3-4 weeks, Nifty shows profit booking, post upside breakout. Ideally, such profit booking ends up resulting in a small downward correction, without really damaging the prior up-trend of the underlying.

**What can Investors Do?** The near term up-trend of Nifty seems to have halted at the hurdle. We are likely to see some more weakness this week, but this expected downward correction is going to be a buy-on-dip opportunity for the near term. Immediate support to be watched are at 11,250-200 levels, which is likely to attract buying interest in Nifty over the next 1-2 weeks. In the next up-move, Nifty could retest the recent high or break above it. **Banking, pharma, oil & gas and capital goods sectors are expected to outperform in the near term.**



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**Where are We?** Nifty 50 has made a strong move over the past one month (2.6% away from its all-time high) with broad-based momentum across sectors and stocks with banking index leading the rally to an all-time high near to 30,000 levels. The energy sector also scaled a new high with sustained up-move with stocks gaining in the range of 10-15% over the past one month despite crude prices being up by 25% year-to-date (YTD). Mid-cap and Small cap indices have gained 6.2% and 10.2%, respectively, in March, outperforming other major indices. Meanwhile, Nifty IT and auto indices have remained flat-to-negative to decline by 1.1% and 0.2%, respectively, for the month.

**What is in Store?** Nifty50 has completed a one-month positive stance since the bottoms on February 19 from 10,600 levels. One can expect some minor profit booking till 11,280-11,300 levels which is the current month weighted average. The up-trend would resume thereafter with other sectors like FMCG, IT, metals and auto to lead the trend for a new high near to 11,800 levels over the next two months. As we are in the derivatives expiry week, we are expecting some rollover volatility in individual sectors and stocks on the expiry day.

**What can Investors Do?** We continue to remain positive on the markets and believe the **sharp underperformance in sectors like FMCG, IT, metals and auto provides an opportunity to invest at current levels as risk reward ratio is favourable.** For the banking sector, one should wait for some correction. With resistance of 30,000 and index stocks from the banking sector being in overbought zone, we expect some profit booking from current levels.