

Monthly Technical Outlook

03 Feb 2024

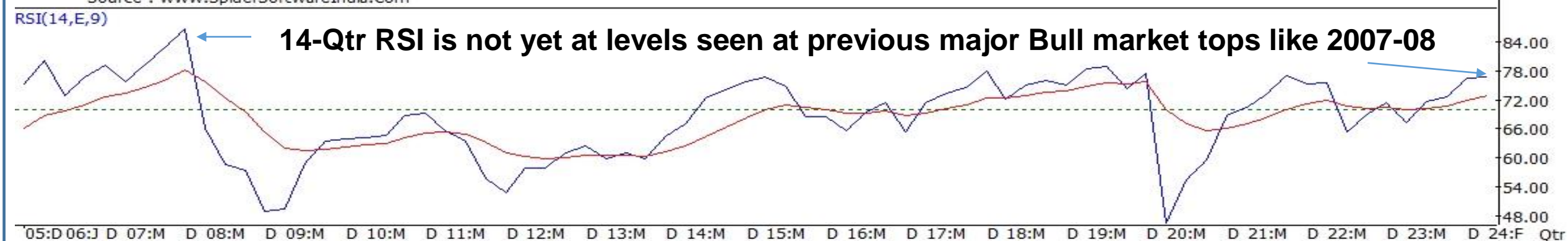
A Chart Book On Benchmark,
Sectors, Global Market and Inter Market Analysis

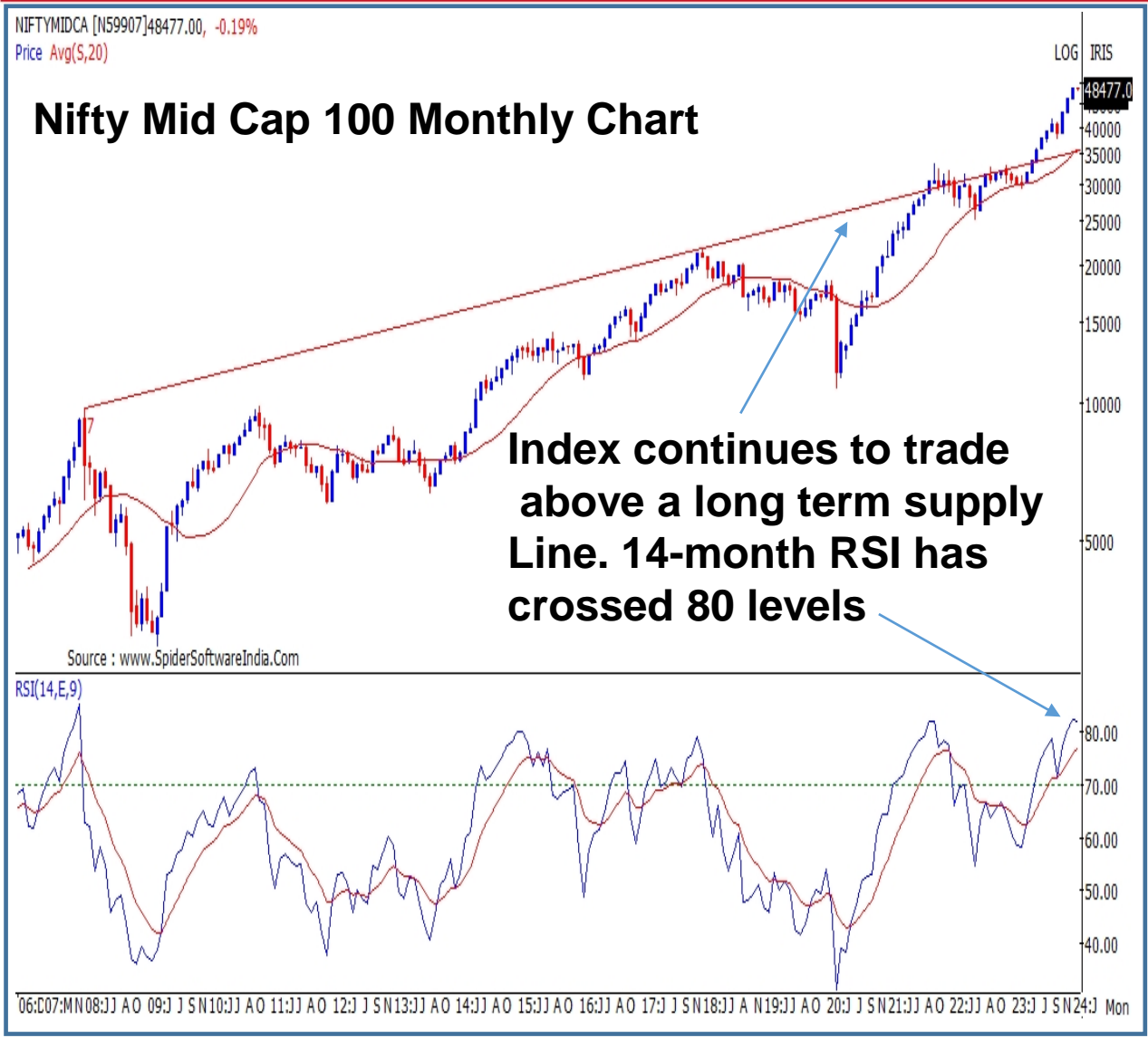


Nifty remains in a long term uptrend. Our intermediate target is at 24035 for the coming months.

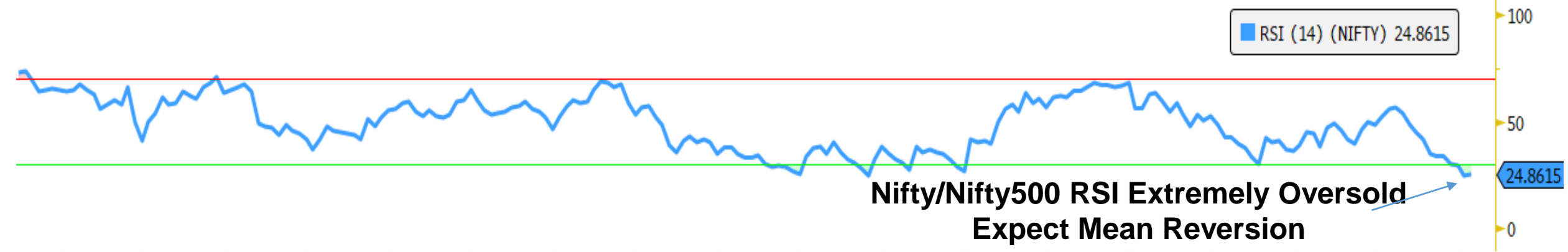
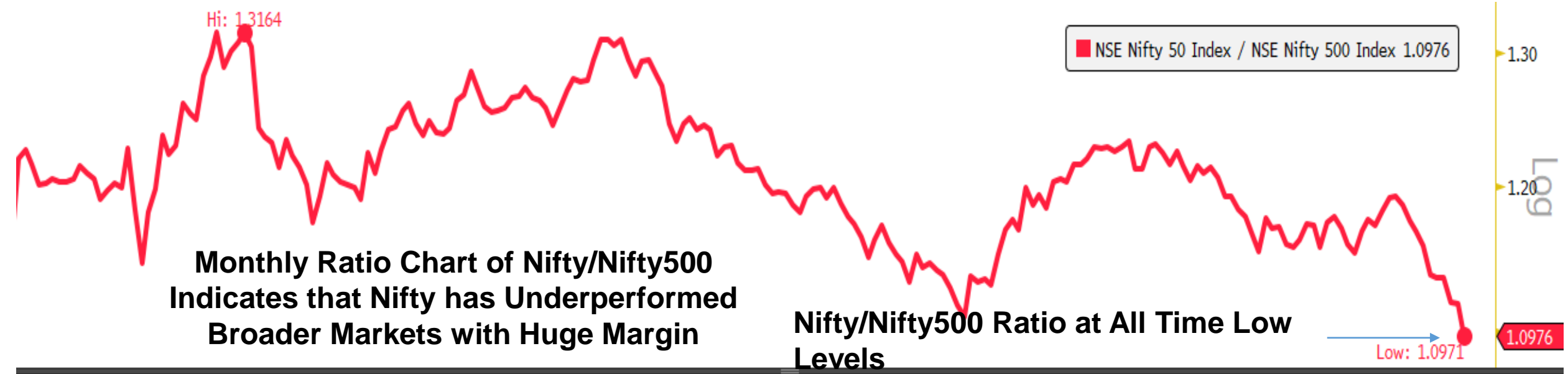
NIFTY [N59901] 21853.80, 0.56%
Price

Nifty Quarterly Chart





Largecaps At Better Risk Reward Ratio Against Midcap-Smallcaps



2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023

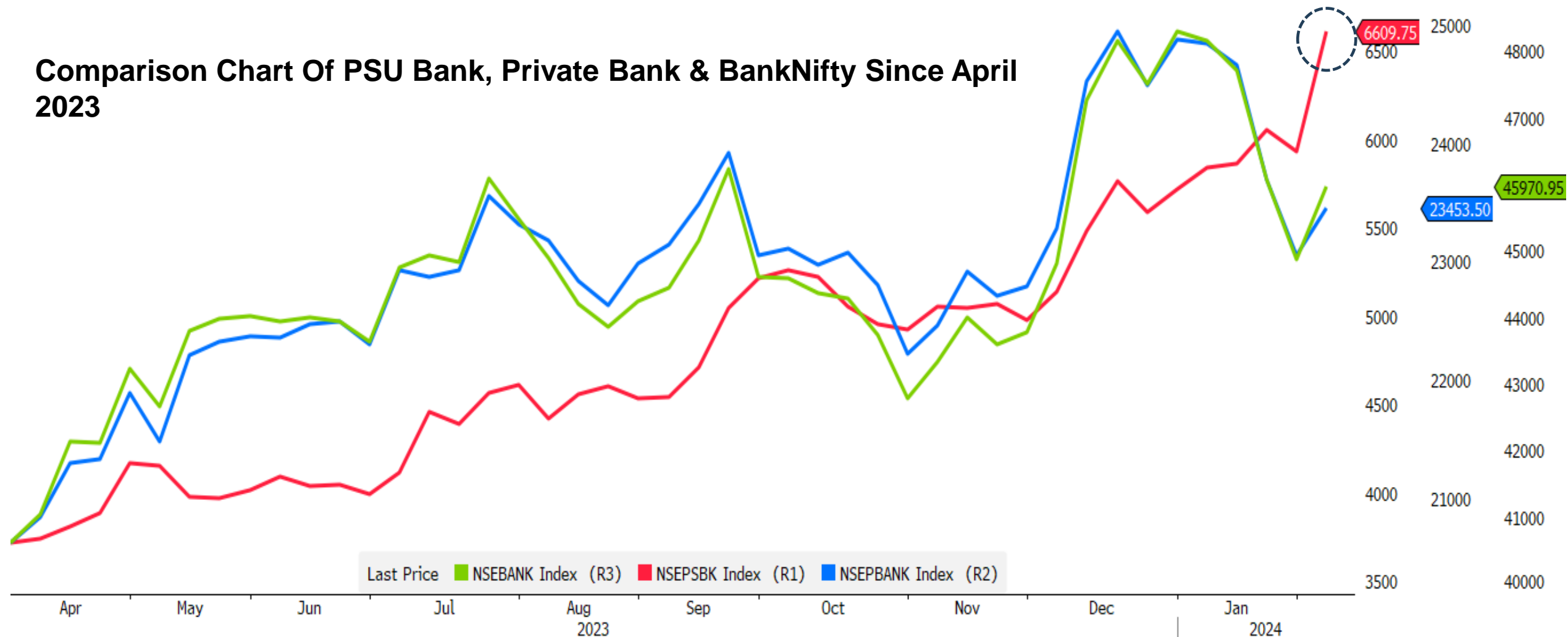
NIFTY Index (NSE Nifty 50 Index) ratio Monthly 06FEB2009-03FEB2024

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PSU Banks Have Started Gaining Momentum Over Private Bank

Comparison Chart Of PSU Bank, Private Bank & BankNifty Since April 2023



NSEBANK Index (NSE Nifty Bank Index) Graph 1102 Weekly 31MAR2023-02FEB2024

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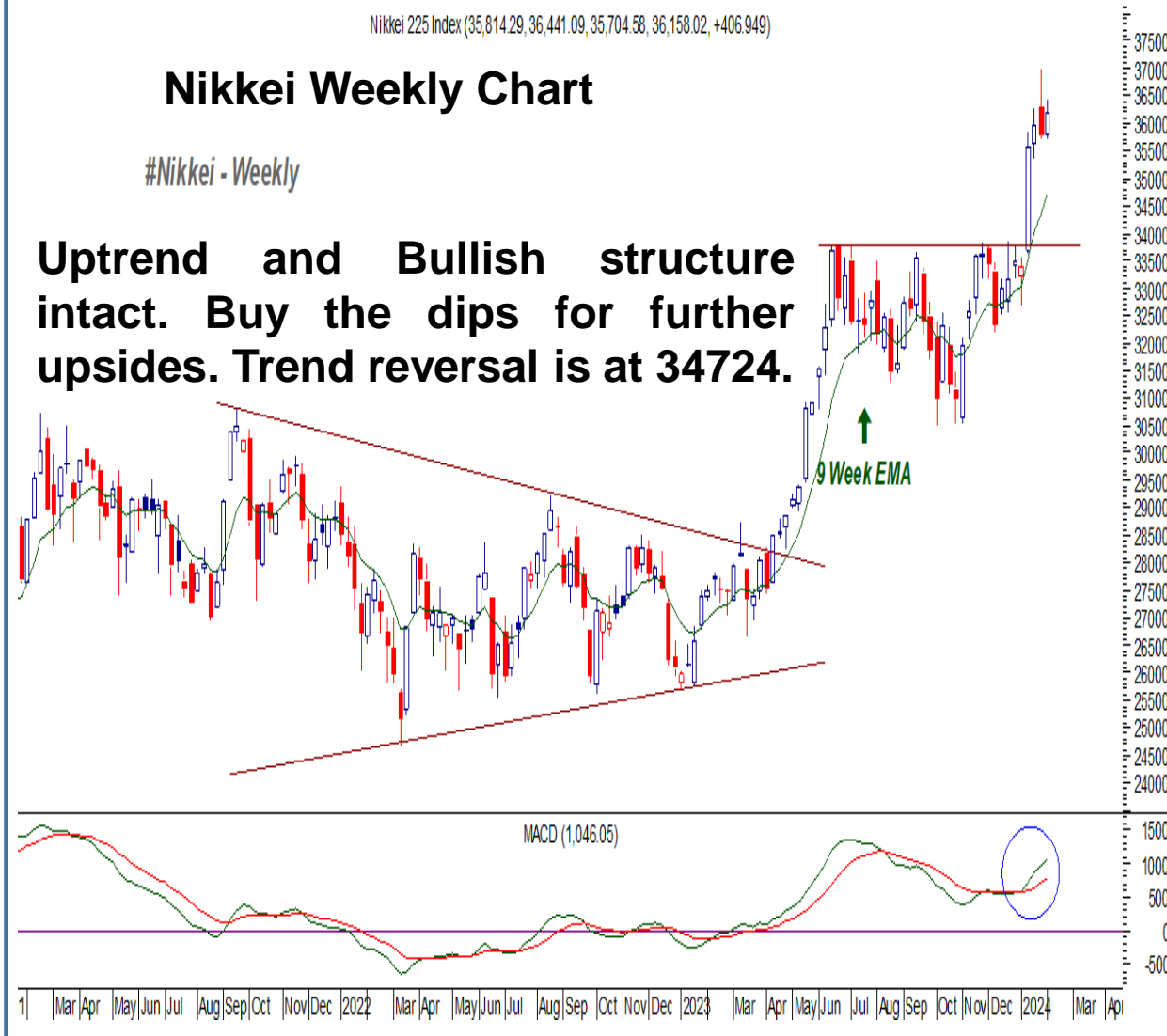
Global Market Update: Nikkei trend remains up. Buy the dips. S&P 500 has witnessed a channel breakout.

Nikkei 225 Index (35,814.29, 36,441.09, 35,704.58, 36,158.02, +406.949)

Nikkei Weekly Chart

#Nikkei - Weekly

Uptrend and Bullish structure intact. Buy the dips for further upsides. Trend reversal is at 34724.



S&P 500 Index (4,892.95, 4,975.29, 4,845.15, 4,958.61, +67.6396)

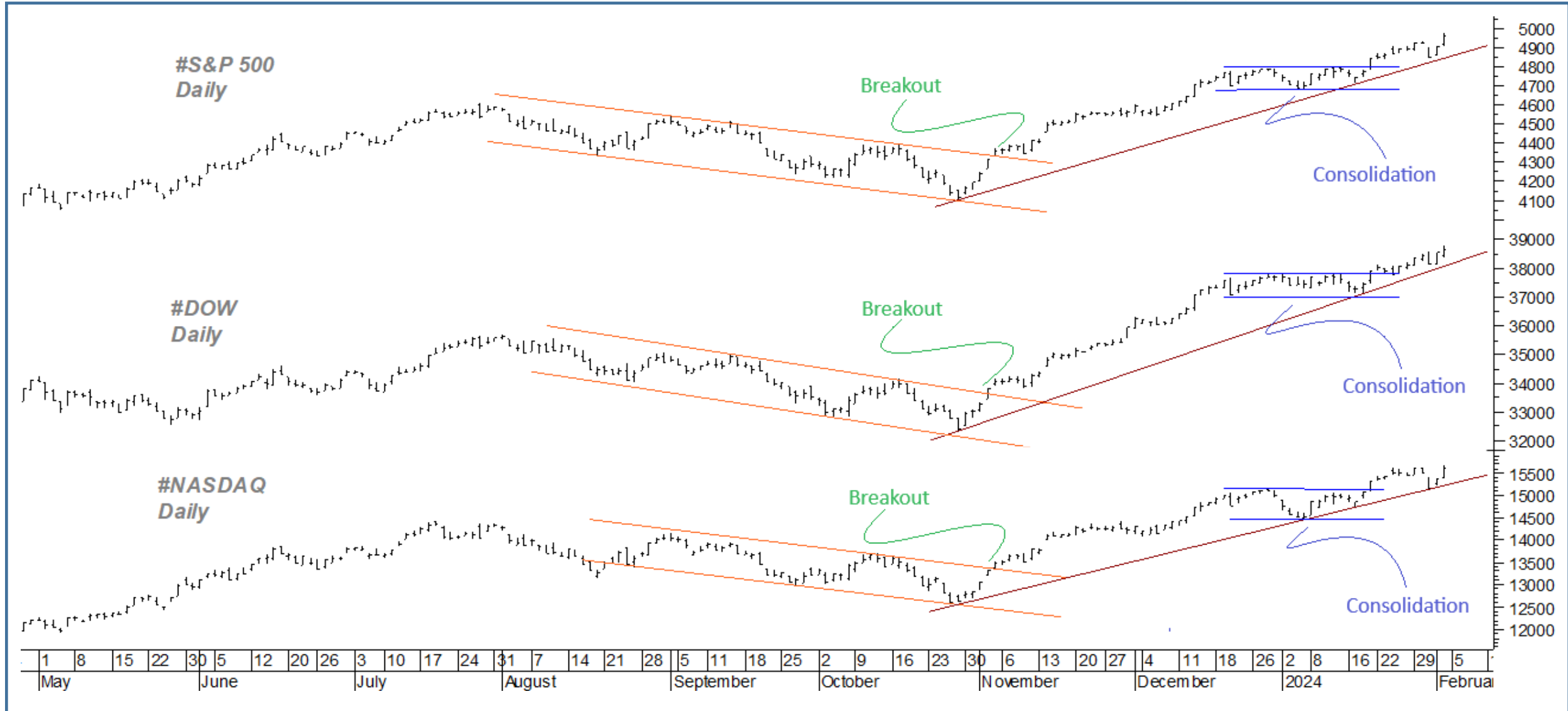
S&P 500 Weekly Chart

#S&P 500 - Weekly

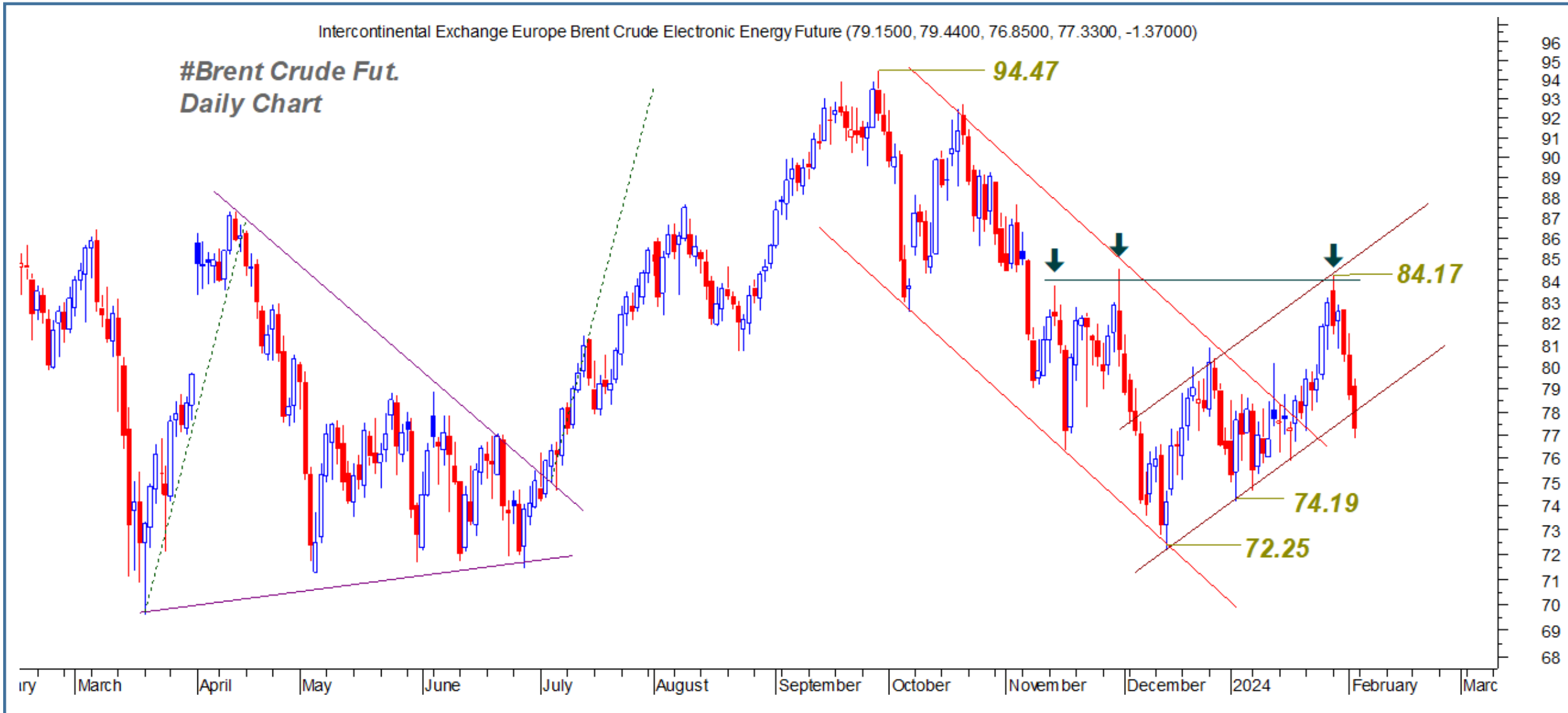
S&P 500 has witnessed a channel breakout. Trend is up. Oscillators are placed with positive signal. Trend reversal at 4975 levels.



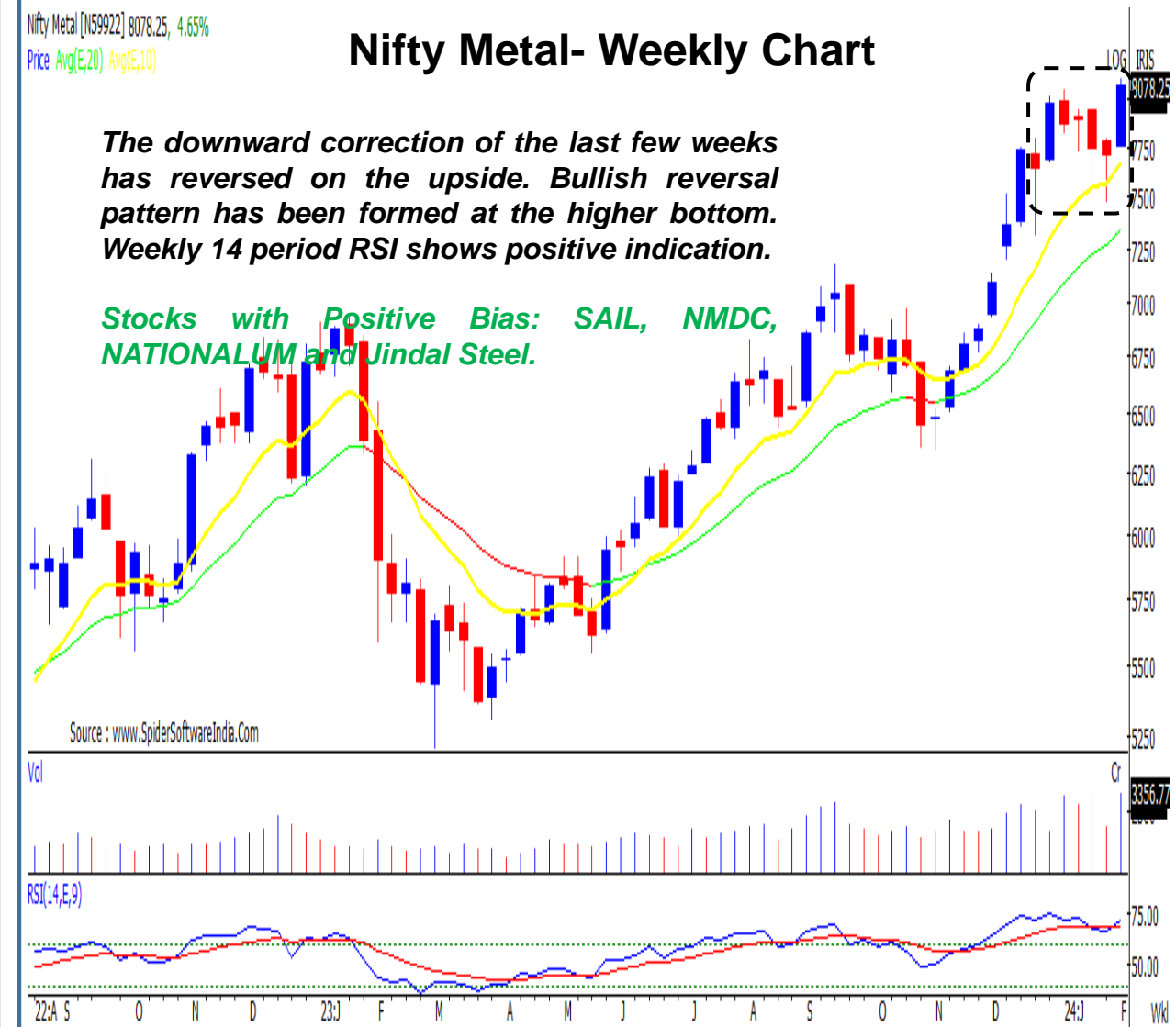
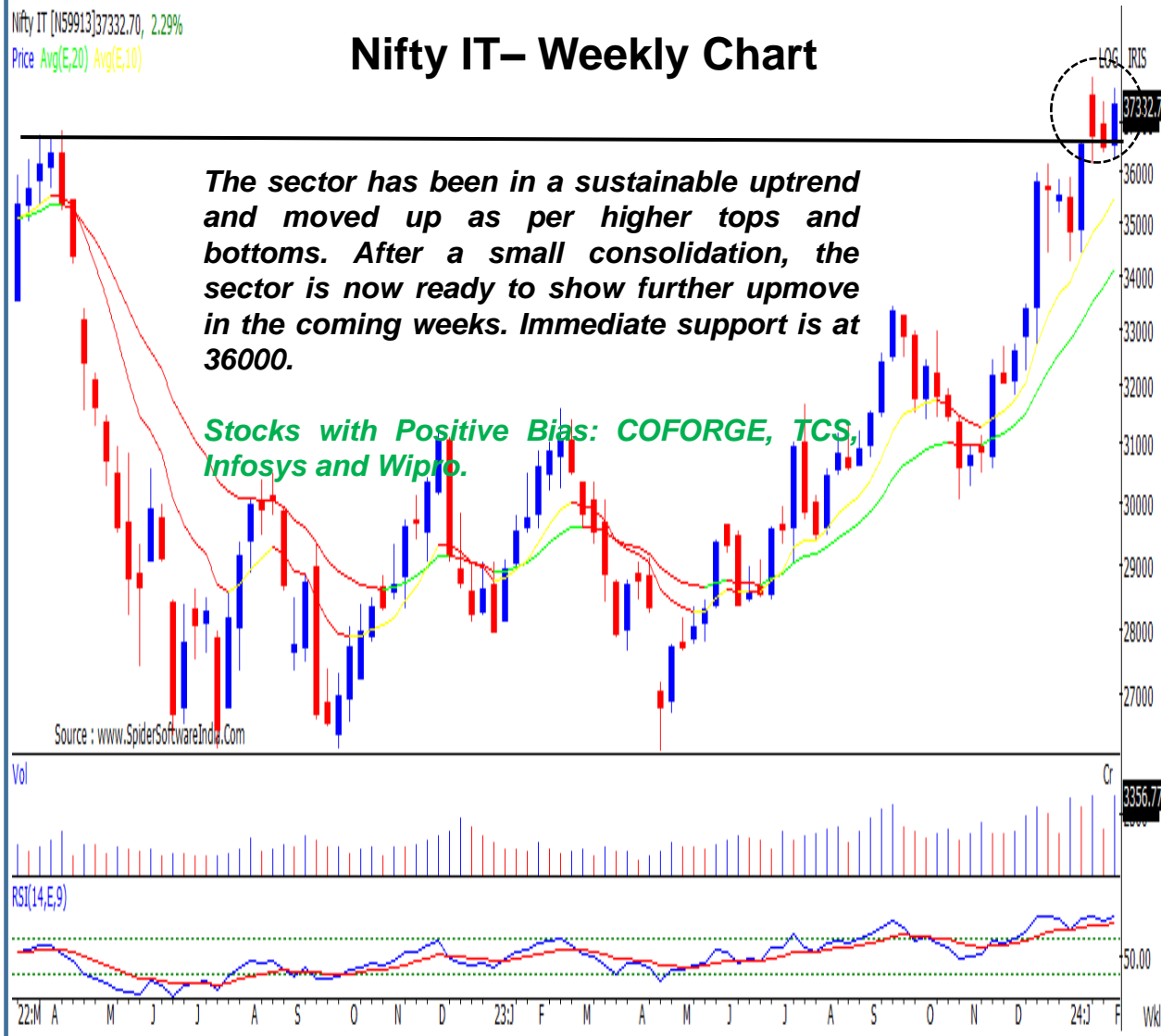
US Equity Benchmarks: "Fly High". At 52 Week Highs. Rally resumes post consolidation.

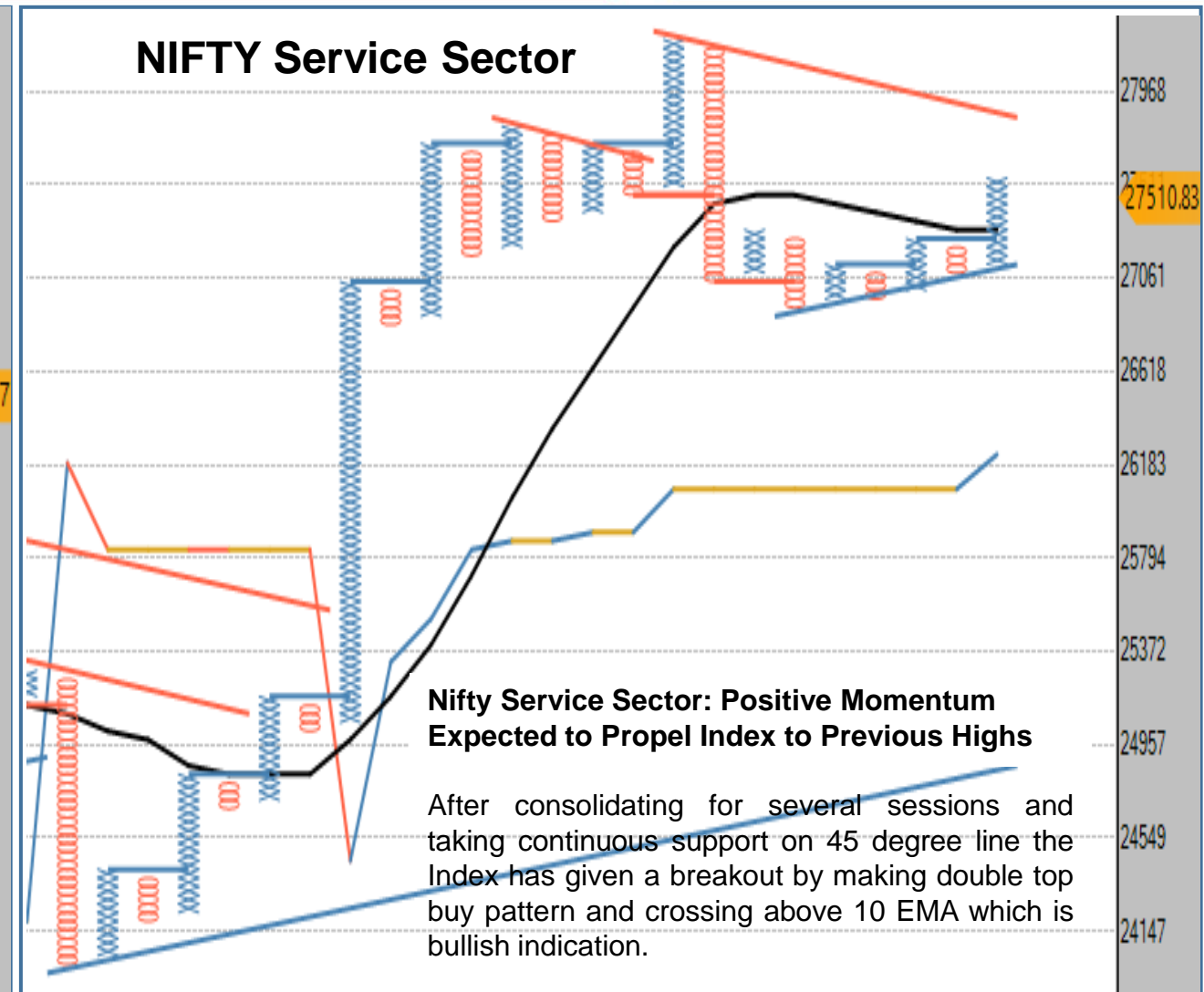
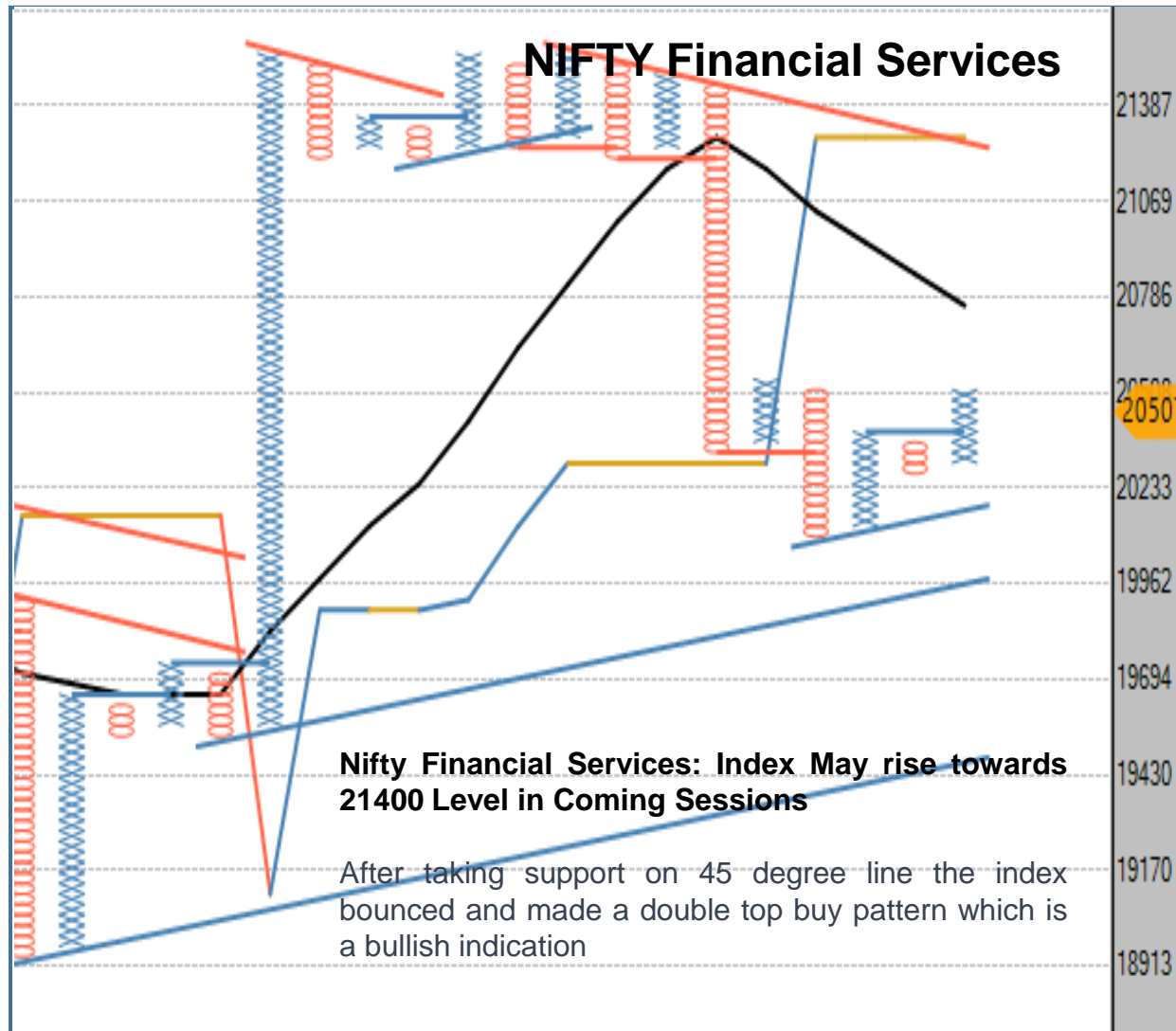


Brent Crude: Breakdown. Trend turned down post multiple top around 84.20. Next downside levels 74.20 – 72.25.



Sectoral View: Nifty IT: Ready to move up post consolidation. Nifty Metal: Formation of higher bottom reversal pattern.



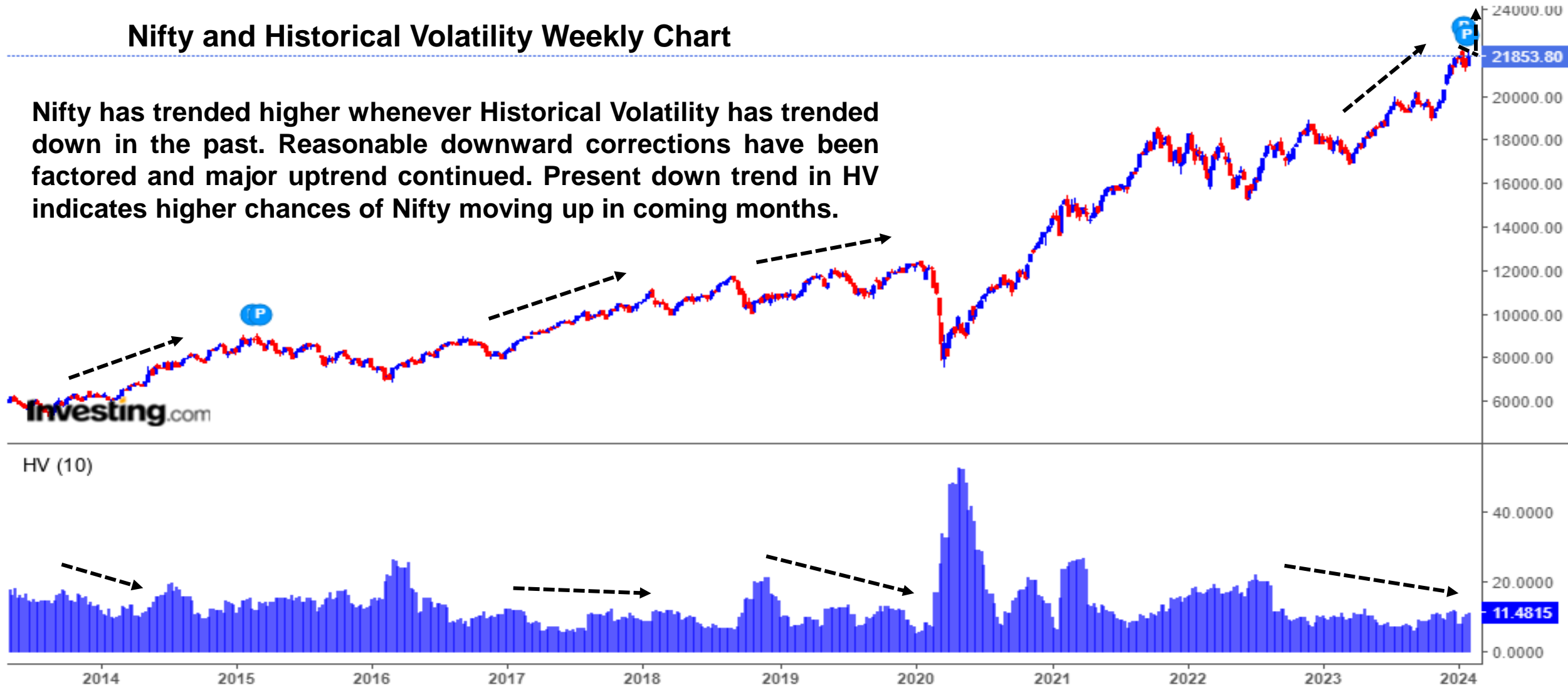


Disclaimer: Please Check with your RM/Analyst beforehand for Entry, Target and Stoploss levels in case you wish to act on any of the above recommendations.

Historical Volatility (HV) Vs. Positive movement in Nifty since 2014

Nifty and Historical Volatility Weekly Chart

Nifty has trended higher whenever Historical Volatility has trended down in the past. Reasonable downward corrections have been factored and major uptrend continued. Present down trend in HV indicates higher chances of Nifty moving up in coming months.



- ❑ **Daily Time frame:** The month of January 2024 saw the Nifty witnessing a volatile ride. The month began with the Nifty trading in a range and finding support at the 20 day SMA before surging higher to new life highs at 22124. It then corrected sharply and found support at the 21137 levels, which is just above the 50 day SMA. It then gradually moved higher and retraced more than 50% of the recent fall to end the month on a positive note with gains of 0.59%.
- ❑ Momentum indicators like the 14-day RSI too have bounced back from 44 levels and is now trading above its 9-day EMA and on the verge of crossing the 60 levels. With the short term trend remaining up, Nifty could now target the current life highs of 22127 in the coming sessions.
- ❑ **Weekly Time frame:** On the weekly chart we observe that the Nifty remains in an intermediate uptrend. This can be evidenced from the weekly charts where we observe that the index has been consistently making higher tops and higher bottoms for the last several weeks. Nifty has recently surged to new life highs after testing a bottom at 21137.
- ❑ Technical indicators too are giving positive signals as the index continues to trade above the 20 and 50 week SMA and momentum readings like the 14-week RSI have bounced back and crossed their 9-week EMA. This implies scope for more upsides in the coming weeks. Intermediate upside targets are at xxx.
- ❑ **Monthly Time frame:** While the Nifty has traded in a range for the month of January 2024, the long term uptrend is still intact as the sequence of higher tops and higher bottoms seen over the last several months on the monthly chart has not been broken yet. This would reverse with a close below October 2023 low of 18837.

Market Outlook

- ❑ The detailed study of Nifty from a smaller to larger timeframe indicates that the index remains in an uptrend on all time frames: Short term, intermediate and long term.
- ❑ Moreover, with most of the major global indices showing signs of strength, this increases the probability of the uptrend continuing in the coming months.
- ❑ Broad market indices like the Nifty Mid Cap and Small Cap indices too remain in intermediate uptrend, though they could underperform the large caps in the coming months (See the slide on page 4).
- ❑ Most of the major sectoral indices like Banks, Infra, Oil and Gas, Pharma, IT and Metal too remain in intermediate uptrend and have not shown any signs of a reversal.
- ❑ **This is also a General Election year and markets have rallied well towards General Election outcome in each of the seven instances over past 3 decades.**
- ❑ Moreover, major Bull Market tops are usually accompanied with euphoria. And the current bull run is yet to see any signs of Euphoria. We therefore expect the current uptrend to continue in the coming months. Applying the Fibonacci extension model, our intermediate targets for the Nifty are at 24035 for the coming months. The 24035 level is the 38.2% extension level arrived at by connecting the Lows of March 2020, Highs of December 2021 and the Lows of June 2022 (See the Nifty Quarterly chart on page 2).

Trading Strategy : Nifty remains in an uptrend on all major timeframes. Buy stocks showing relative strength and from outperforming sectors.

Action points	Sensex	Nifty	Action/Event
Current Close	72086	21854	
Immediate Resistances	73089-73428	22124-22127	Recent life highs
Immediate Supports	70846-70001	21429-21137	Intermediate lows
Further Downsides	68281	20487	20 Week SMA resides
Further Upside Targets	75702-79237	22996-24035	Intermediate Targets

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