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Momentum may Take Nifty to 18k, New High



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TECHNICAL VIEWS

Momentum could Take Nifty to 18,000, New High

The underlying momentum of the market is very bullish, and the Nifty is expected to touch 18,000 levels again this week, according to technical analysts. They say the benchmark is expected to hit an all-time high if it sustains above 18,000. Astral, Indian Hotels, Max Healthcare, HAL, Navin Fluorine, Vinati Organics and SRF are some of the mid-caps showing bullish trend, according to analysts.



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Where is Nifty headed this week?
Nifty ended higher for the week, up 1.7%, and appeared to have broken out of the 'Descending Broadening Wedge' pattern it has been trading in since October 21. Last month too, the Index tested the psychological 18,000-mark but witnessed some correction. The faster retracement of the fall demonstrates the strength and willingness of the Index to move beyond the 18,000 level. Barring any intraday weakness, the index is likely to move past the 18,000 level, and a sustained close above the same

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Where is Nifty headed this week?
The underlying momentum of the market is very bullish, and it is highly recommended that shorts may be avoided. Even if we see some profit taking at higher levels that must be utilised to make fresh purchases as long as Nifty stays above 17,350 levels. In the next

is likely to take the index higher towards all-time highs.
What should investors do?
Strength in the market is currently visible in sectors like banking, finance, and consumption. Mid- and small-caps have already staged a breakout relative to Nifty 50, and the strength will likely continue there. In the mid-caps, smaller pockets like defence (HAL, BDL), speciality chemicals (Navin Fluorine, SRF), and engineering goods (ABB, Siemens) are showing strength; while weaker sectors like IT (Tech Mahindra, Affle) and metals (JSW Steel, Hindalco) are starting to show strength selectively. The broader sense remains 'buy on dips'.

two quarters, we can see the mid-caps mojo returning, and they could outperform the heavyweights.
What should investors do?
Based on our in-house quant models, we have been pushing the tech basket from a two-month holding horizon; participants can buy ICICI Prudential IT ETF with an 8% target. On stock-specific basis in the midcap space, we

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Where is Nifty headed this week?
Nifty's falling resistance trend line from October 2021-high is at a critical resistance around 18,000. Expect the market to rally initially towards 18,000 and then 18,160 and 18,350 levels. However, on the downside, 17,500 is the level to watch out for. Breaking and sustaining below 17,500, markets could see a correction towards 17,200 and then towards 16,900 levels. This week have a flurry of data like UK GDP, US & UK inflation, US retail sales, Eurozone CPI, and China's

Industrial production, which would weigh on markets and keep them volatile.
What should investors do?
The financial sector is leading the way in the current rally and has given a fresh breakout. Investors can look at stocks like ICICI Bank and SBI leading the pack. IT pack, a laggard, has taken support from its previous low zone. Infosys and TCS can be looked at for a bounce-back rally. Adani Ports has given a fresh breakout after 18 months of consolidation that can be entered at the current levels and on any dip. In mid-caps, speciality chemicals stock Vinati Organics has seen consolidation for more than a year and now starting a fresh uptrend.

continue to like Astral, Indian Hotels, and Max Healthcare as promising global index inclusion rebalance trades. These stocks also have strong fundamental backing. These names can be added with a three-month horizon and upside expectations of 30%, with stop loss at 10%. In terms of a one-year value play, one can buy small-cap Vinyl Chemicals. In terms of valuation media pair trade, we like Zee Long and PVR Short trade for 5-7 week holding.