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**Bullish Sentiment Could
Take Nifty to 17,000**
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TECHNICAL VIEWS

Bullish Sentiment Could Take Nifty to 17,000

Technical analysts expect the Nifty to head higher after gaining 4% last week to close at 16,719.45 on Friday. Volatility levels have receded, giving confidence that the bullish sentiment is likely to continue. Analysts see the Nifty rising to 17,000 this week.

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Where is the Nifty headed?
Markets had a very powerful week and the index also moved past the 20-week moving average which stands at 16,580 levels. The most logical move is likely to take the markets to their 50-weekly moving average which is placed at around 17,050. However, for very near-term, our in-house oscillator indicators have turned negative, indicating the Nifty may be in an overbought

position. Simultaneously, the 25-day channel resistance is at around 16,752 and due to profit booking the index can slip below 16,610 and can find supports at 16,500.

What should investors do?
Traders should look to book profits by making use of the current strength as 16,750 and 16,850 are near-term areas of resistance. We continue to recommend Adani Enterprises and Persistent as portfolio long stocks as both can soon see domestic passive flows as they hold a very high chance of getting included in Nifty 50 and Nifty IT Index, respectively.

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Where is the Nifty headed?
Volatility is gradually subsiding and providing comfort to the bulls. The zone of 16,780-16,820, which is the prior swing high, will be the crucial resistance for the Nifty. In case Nifty sustains above 16,820, then we may witness sharp upside rally up to 17,050-17,100. While, on the downside, any dip toward 16,400-16,450 should be utilized to build fresh long positions. However, if Nifty slips below 16,400, weakness could persist up to 16,230-16,150. Options data suggest a broader trading range of 16,400-17,050 for this week.

What should investors do?
Buy the dips until 16,400 levels are not breached on

the downside and should accumulate quality stocks; while traders should focus on stocks and sectors that are relatively outperforming the Nifty as of now. Preferring quality large-caps and high-quality mid-caps while staying away from small-caps would be the key to survive the current volatility. While positive momentum and outperformance may be witnessed in large-cap and mid-cap stocks from the capital goods, banking, FMCG as well as hospitality sectors (unlock theme), an attractive risk-reward proposition could be witnessed in stocks from paints and cement sectors. Our preferred large-cap picks are L&T, ACC, Eicher Motors, Hero MotoCorp and HDFC Bank.

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Where is the Nifty headed?
Markets will be reacting to results of around 30% of Nifty components on Monday. India VIX fell to the lowest close since 13th January indicating that the worst may be behind us. Key index components in Nifty and Bank Nifty have witnessed long traction along with good technical setups, which means that sector rotation can keep Nifty elevated for few more sessions. Daily RSI on Nifty and Bank Nifty indicate more upside but there are some indications of bearish divergence on hourly charts which means some cooling off may be on the cards. Nifty PCR (put call ratio) is in overbought

zone trading at highest level since 13th Jan 2022. Technically, Nifty is expected to test 17,000 this week with supports placed at 16,485 and 16,625. Bank Nifty remains positive for 37,000-37,400 area and has supports placed at 36,050 and 36,300.

What should investors do?
Investors are advised to take profits around 16,950- 17,000 (Nifty) in long positions as some pull-back or consolidation is inevitable after such a rally. With the monthly expiry approaching and big index results, a trailing stop loss of 16,485 is advised for long positions. We are bullish on private banks, financials and select IT. Our top picks are HDFC for a target of ₹2,360/2,400 with stop-loss at ₹2,250 and Axis Bank for a target of ₹780 with stop-loss placed ₹700.

