

TECHNICAL VIEWS

Nifty's Rally Set to Gain Further Momentum

The Nifty is likely to gain further in the coming week after surging 3% last week and outperforming all regional markets, except China. **The index is likely to find resistance at 17,800 and 18,000 and the support is pegged around 17,400**, said technical and derivatives analysts. On Friday, the Nifty ended up 205.70 points, or 1.18%, at 17,670.45 and the Sensex ended up 708.18 points, or 1.21%, at 59,276.69. Real estate, NBFC, metal, capital goods and sugar stocks are likely to gain in the coming days, said analysts.

**RAHUL SHARMA**HEAD- TECHNICAL DERIVATIVES RESEARCH,
JM FINANCIAL SERVICES**Where is the Nifty headed after rising sharply in recent weeks?**

Nifty Put Call ratio has galloped to 1.30 while India VIX has come below the 18.5 indicating strong bullish undertone in the market. Similar setup is seen in Bank Nifty as multiple resistances were taken out on Friday. Resistance for the Nifty is seen at 17,795 and 18,000, while 17,345 and 17,500 should act as support levels. Bank Nifty supports are placed at 35,980 and 36,820. The index should fill its February gap at 37,318. Nifty and Bank Nifty's weekly RSIs (relative strength index) have broken out from the falling trend line which started from the peak day of 18,604/41,829. Nifty is expected to gain further strength above 17,800 and we may test 18,200 on the upside. Bank Nifty should attract fresh longs above 37,318.

What should investors do?

Traders can look to buy Nifty futures on dips near the support level of 17,500 with stop loss of 17,345 or alternatively they can add 18,000 Calls (13 April expiry) above 17,800 spot for targets of 18,000 and 18,200. The PSU Bank Index has given a strong breakout on Friday and can continue to add to the gains in the coming days. Auto, realty and energy stocks expected to see more upside in the short term.

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Where is the Nifty headed after rising sharply in recent weeks?

Nifty has given the highest daily close in last 40 sessions and making higher highs - higher lows for the last four trading sessions. Fresh spike towards 17,700 clearly suggests that base of the market is shifting higher. VIX has been falling and making lower base for the last four weeks which indicates that bulls are holding the grip, and declines are being bought smartly in the market. Now till Nifty holds above 17,500 zones, any small

RAJESH PALVIYAHEAD-TECHNICALS AND DERIVATIVES,
AXIS SECURITIES**Where is the Nifty headed after rising sharply in recent weeks?**

Nifty has seen higher high-low formation for the fourth consecutive week which indicates sustained uptrend. The index is trading above all its important moving averages which indicates bullish bias ahead. The chart pattern suggests that if Nifty crosses and sustains above 17,700 levels it would witness buying which would lead the index towards 17,800-18,000 levels. However, if the index breaks below 17,500 level it would witness selling which would take the index towards 17,400-17,300. For the week, we expect Nifty to trade in the range of 18,000-17,400 with a positive bias. We expect real estate, NBFC, metal, capital

decline could be bought for an upside move towards 18,000 and 18,181 while a decisive hold above 17,777 could give more strength and momentum to the current structure.

What should investors do?

Investors and traders can continue with their existing long bias with trailing support at 17,327-17,500 zones and sector specific one can build position in metal, power, heavyweight private banks, chemicals, paper and IT stocks. Stock specific, we have positive view on Deepak Nitrite, Tata Consumer, Delta Corp, DLF, ICICI Bank, IRCTC, Power Grid, etc.

goods and sugar sectors to continue their uptrend in near term.

What should investors do?

We are suggesting a moderately bullish strategy known as Call Ladder for this weekly expiry on April 7 which involves buying one lot of Nifty 17,750 Call at Rs 98 and selling of one lot each of 17,900 Call at Rs 44 and one lot of 18,050 Call at Rs 16. The cost of the strategy involves outflow of Rs 1,900 which is the maximum loss if Nifty trades and remains below 17,800 levels on expiry. The maximum profit of Rs 5,600 will be attained at 17,900 levels, while the strategy will start making loss above 18,150. Hence it's advised to exit the strategy in total to avoid unlimited losses above 18,150. Breakeven points of the strategy are 18,162 on the upside and 17,788 on the lower side.