



EK NAYI SHURUAAT
#ShagunKeShares KE SAATH



Presents

DIWALI PICKS

TECHNICAL 2020



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Nifty 50 (CMP: 12749.15)



Source: TradingView

Rationale:

If we compare our market performance from the last SAMVAT to the current one, we may call it as a decent performance from our markets. But this clearly doesn't portray the right picture of what all things happened during this period. Early this year, Nifty clocked a record high around **12430.50**; but mid and small cap indices were at two year low. In March, the Coronavirus pandemic hit the entire world badly be it financially or health-wise. The mankind had not seen such a brutal epidemic for the last 100 years and hence, it was very difficult to cope with a lot of forceful changes made in our lives due to this. When uncertainty arose and this time it had to do with the health, markets across the globe reacted terribly. The clueless market just failed like a pack of cards and in this process, the Nifty took a nosedive towards **7500** i.e. more than 30% fall in merely 12 sessions. After this, whatever happened is really a phenomenal thing for the market.

Fortunately, this onslaught halted towards the fag end of the March and after this, market just never looked back. We had a spectacular recovery in the last Eight months to reach a milestone beyond previous record highs. With respect to the recent development, Nifty had confirmed a 'Bullish Flag' pattern around **12000-12050** and the theoretical target of this pattern has already been met i.e. **12700-12800**. Now, the million dollar question here is, are we done with the rally or there is still something in store? In our sense, this is just the beginning of a 'Mega Multi-year Bull Run'. If we take reciprocal retracement of the entire fall from previous high to march lows, we have just crossed 100% and the next destination is around 127% retracement that comes around **13700 – 13800**. If things fall in place perfectly for the bulls around the mentioned milestones, we never know, this projection can even get extended towards the 'Golden Ratio' of 161% placed around **15000-15300**. Obviously, all this will take a lot of time and we just wanted to give a glimpse of this based on the overall price development in the last few months.

The immediate support is now seen around **12400 – 12000**, but with a broader view, **11500** should be treated as a crucial point if all this sturdy structure has to be maintained. We may sound extremely optimistic looking at above mentioned scenarios, but this conviction or trust has come because of the recent contribution from various sectors in this rally. Also, as we alluded in the opening section, Nifty was at record high early this year but mid and small caps were not at all performing. Now, if you see in the recent months, lots of such smaller names have already given a mesmerizing move and they are a long way to go. Such development is always a sign of a healthy rally.

We hope that our hypothesis turns into a reality by the next SAMVAT and now, we take this opportunity to wish you all a Happy and most importantly a healthy Diwali.



Nifty Bank (CMP: 28845)



Rationale:

During the March fiasco, banking space just collapsed because if uncertainty rises with respect to the economy, the financial space has to feel the brunt. Until mid-august, Bank Nifty kept sulking and did not recover to the tune of the benchmark, in fact nowhere close to it. Because of this divergence, the gap between the performance of Nifty and Bank Nifty widened drastically. Fortunately, the uncertainty with respect to the moratorium period, the waiver of interest on interest was removed in early September; the banking stocks started showing signs of revival. And now, when the actual performance is out in such tough times, the bright picture of the sector is exciting a lot of market participants.

The recent rally in the market was mainly propelled by the financial stocks and we have seen a mesmerizing rally in some of the quality names. Look at how HDFC Bank and Kotak Bank posted their fresh record highs and still long way to go. Bank Nifty is nearly 15% away from its record highs and hence, there is still a lot of room left for it. As far as levels are concerned, **29600 – 31500 – 32500** are the immediate levels to watch out for. Once we see the banking index surpassing **32500**, we may see a larger rally getting unfolded towards **36000 – 37000**. On the flipside, **27500** followed by **26000** would now be seen as key support levels in coming weeks.

Traders are advised to stick to larger names and use meaningful dips to add marquee propositions like HDFC Bank, Kotak Bank, ICICI Bank and SBI from the PSU baskets. From the smaller names, keep a close eye of CSB Bank, which is showing some interesting moves. Stock did not fall much during the corrective period and now when things look rosy, we may see some outperformance from this stock.



LT (CMP: 1059.45)



Source: [TradingView](#)

Rationale:

- In last few months, the stock has seen a consolidation phase and has underperformed the benchmark index. However, off late, it has witnessed good buying interest which can be seen from rising volumes.
- Stock has now given a breakout from its consolidation phase and has started forming a 'Higher Top Higher Bottom' structure.
- The ADX oscillator on the daily chart indicates a positive trend and the rising ADX line indicates higher probability of continuation of this trend in the near term.
- Looking at the above price-volume action and the placement of momentum oscillators, we expect the stock to outperform in the short term.
- Hence, traders are advised to buy the stock in the range of 1030-1050 for a potential target of 1150 in the near term. The stoploss for the trade should be placed below 995.



TATAMOTORS (CMP: 150.95)



Source: [Trading View](#)

Rationale:

- Since the March lows, the stock has gradually shown a recovery and it surpassed its '200 DMA' in the month of August 2020. It then consolidated within a range above its '200 DMA' which just seemed a time-wise correction.
- After this time-wise correction, the prices have again gained momentum and have given a breakout from a falling trendline resistance too.
- In recent history, the volumes have been good when there have been price up moves.
- Prices are riding on the upper 'Bollinger Band' which is rising and thus, indicating a continuation of the uptrend.
- The momentum readings too are positive placed and hence, we are expecting a swift upmove in the stock in the short term.
- Based on the above technical evidences, traders are advised to buy the stock in the range of 147-151 for a potential target of 169 in the near term. The stoploss for the trade should be placed below 141.



ADANITRANS (CMP:319.20)



Source: TradingView

Rationale:

- The midcap index has finally given a breakout from a consolidation phase indicating higher probability of midcap names showing some outperformance.
- This stock has recently given a breakout from a 'Bullish Flag' pattern which is a bullish continuation pattern.
- If we measure the possible target as per the above pattern, then prices still have a good upside potential with a decent risk reward.
- The 'Higher Top Higher' Bottom structure on the weekly charts adds to our conviction and hence, short term traders should look for opportunities in such potential midcap.
- Hence, traders are advised to buy the stock in the range of 317-320 for a potential target of 350-355 in the near term. The stoploss for the trade should be placed below 299.



DECCANCE (CMP: 338.8)



Source: Trading View

Rationale:

- The entire 'Cement' space has been on a roll since last couple of months. All larger names have given a mesmerizing move in this period and now some of the smaller stocks are gaining traction.
- 'Deccan Cement' has confirmed a good price-volume breakout on the daily chart last week.
- The kind of extraordinary volume activity we have witnessed in the up move in the recent months indicates some bigger moves to unfold and this probable rally seems to have just begun now.
- Hence, one can look to go long from current level to a decline around 325 for a target of Rs.418 in coming weeks. The stop loss can be placed at Rs.297.



HDFCLIFE (CMP: 623.45)



Source: Trading View

Rationale:

- Post a spectacular run from its March low of 340 to a recent high around 650 levels the prices went into consolidation or correction phase.
- This correction, however, got arrested around key supports and a bounce-back from there has resulted in the 'Saucer' pattern bullish breakout on the daily chart.
- As per the exhibit, the price structure resembles a formation of 'Inverse Head n Shoulder' pattern and the fresh buy crossover on the RSI smoothed supports the pre-emptive buy.
- Volume analysis indicates, high volumes during upmove as compared to low volumes during the down move that indicates accumulation in this counter.
- Hence, we recommend a buy at current levels and on dips to 605 for a potential target of 710. The stop loss for the same can be placed below 584.



*All prices are updated as on 11/11/2020.

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