

Monthly Technical Outlook

6th June 2024

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



Nifty Retraces More than 61.8% of the Fall; Expect Uptrend in Short Term

NIFTY [N59901] 22128.35, 22670.40, 21791.95, 22620.35, 6866794496, 3.36%
Price Avg(E,200)

Nifty Daily Chart

All Time High 23338 Made on 3rd June

LOG IRIS

23200

23000

22800

22620.35

22400

22200

22000

21800

21600

21400

21200

21000

20800

20600

20400

20200

20000

19800

19600

19400

19200

19000

Dly

5th June Recovery

Nifty Retraces More than 61.8% of the Entire Fall From 23338 to 21281

Low Made on 4th June : 21281

Bullish Reversal from 200 DEMA 21250

More than 61.8% Retracement Indicates Negation of a Down Trend and Resumption of an Uptrend

Source : www.SpiderSoftwareIndia.Com

Violation of 22000-23000 Band on Closing Basis Would Give Clear Direction In Nifty for Medium Term

NIFTY [N59901]23337.90,23338.70,21281.45,22620.35, 24820652032, 0.40%
Price

Nifty Weekly Chart

Weekly Close Above or Below the Channel
Would Lead to Fresh Momentum



Channel Upper Band
Placed near 23000

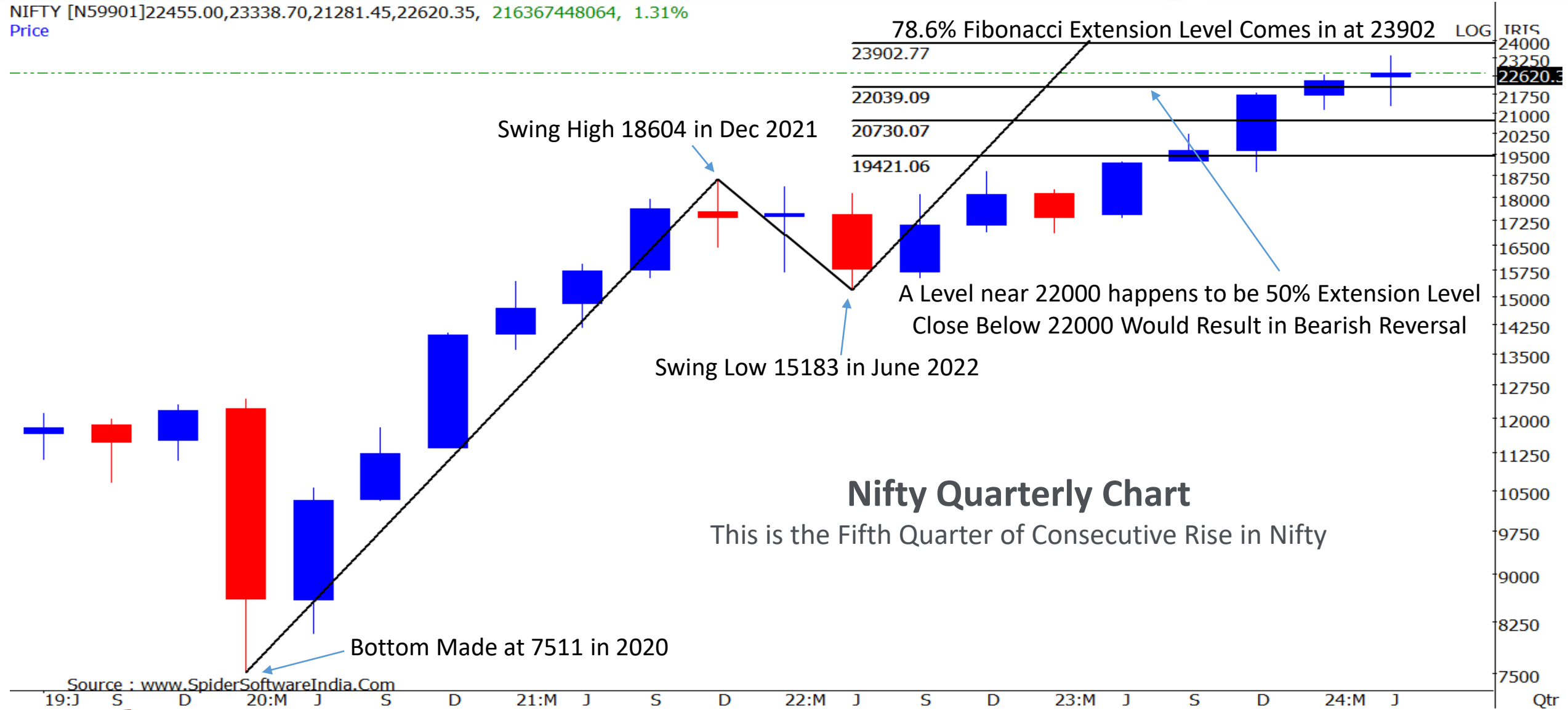
Channel Lowe Band
Placed near 22000

Source : www.SpiderSoftwareIndia.Com

RSI Still

A Level of 22000 becomes Strong Support, While 23900 Remains Long Term Resistance in Nifty

NIFTY [N59901] 22455.00, 23338.70, 21281.45, 22620.35, 216367448064, 1.31%
Price

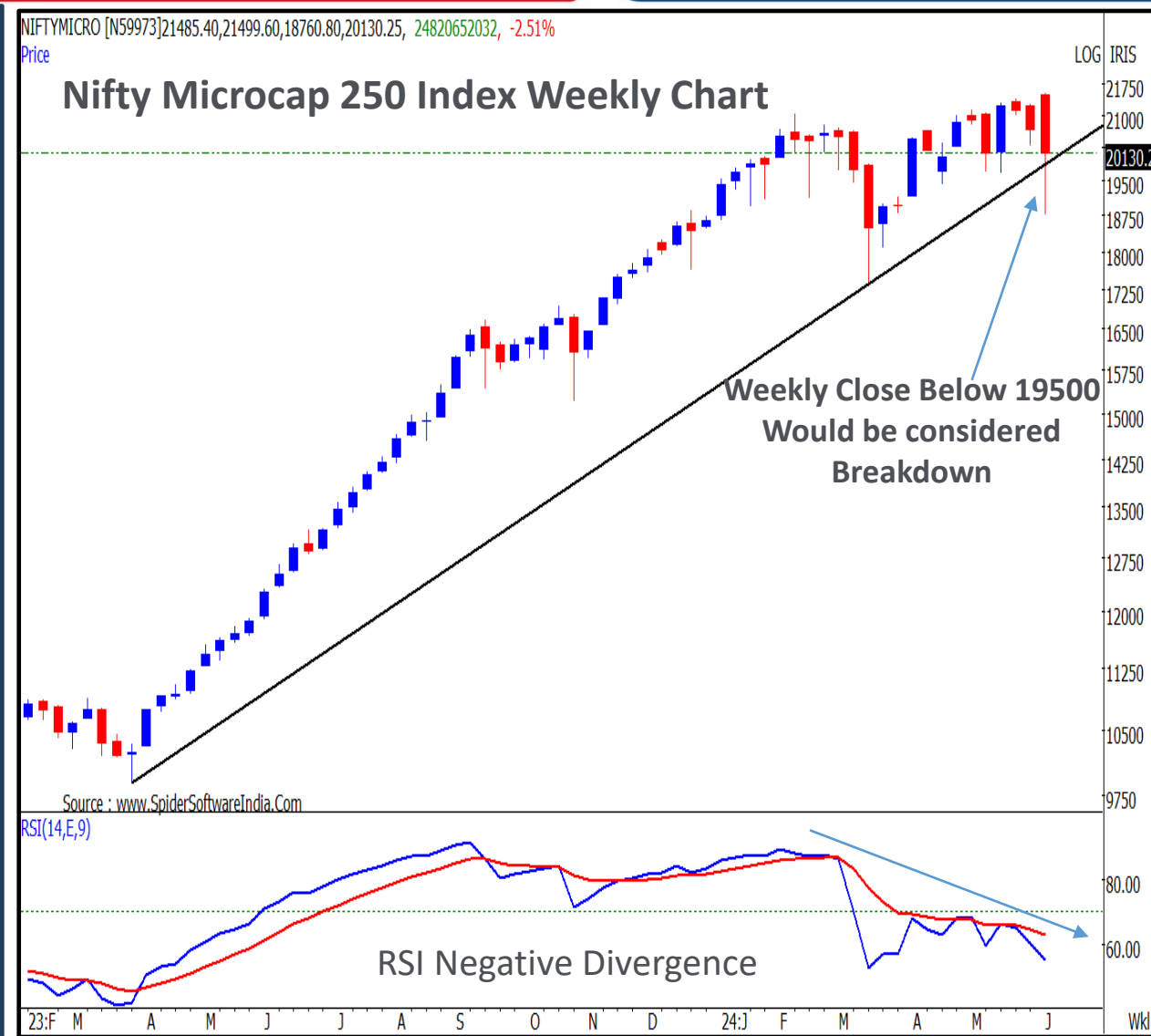
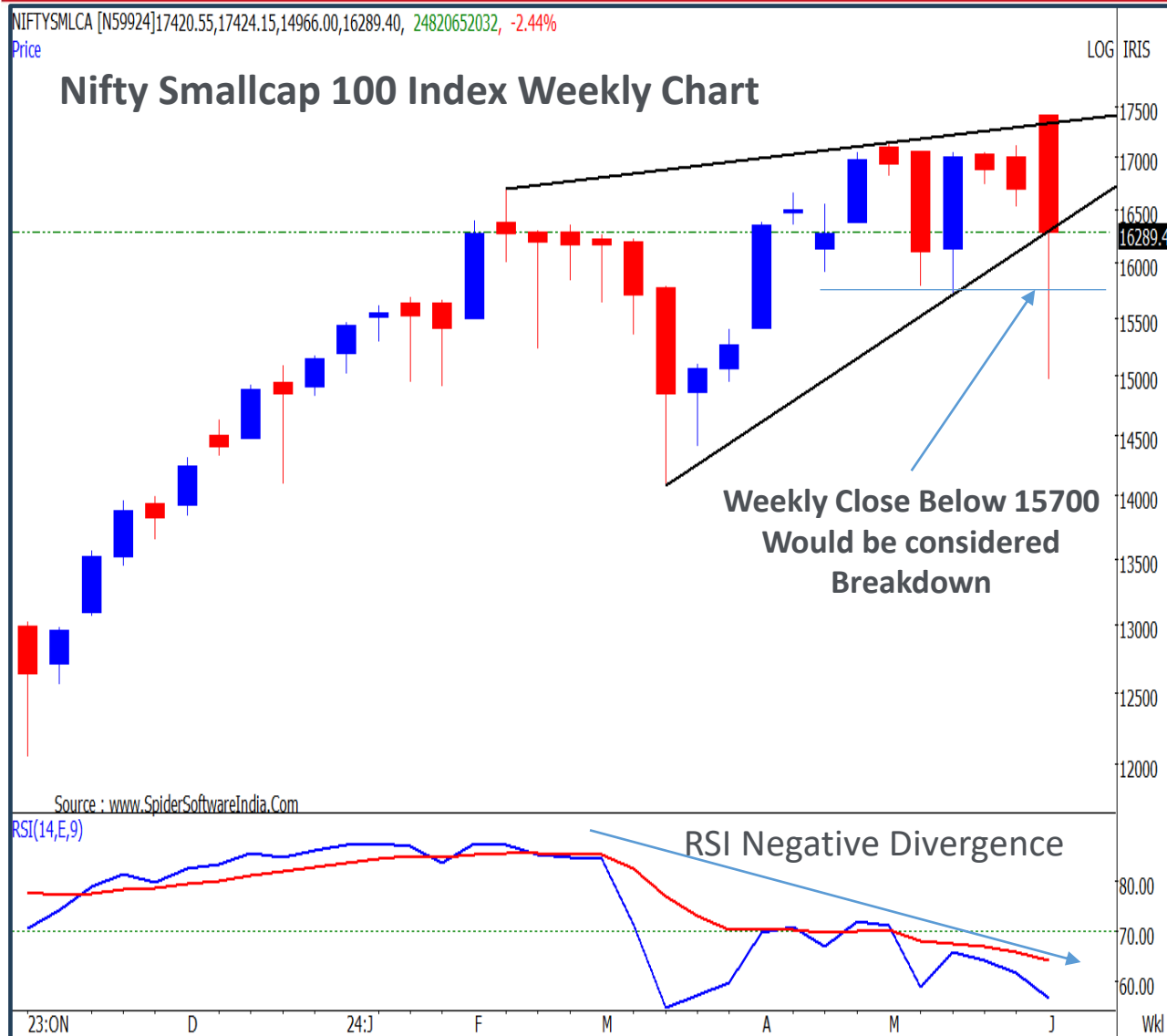


Nifty Quarterly Chart

This is the Fifth Quarter of Consecutive Rise in Nifty

Source : www.SpiderSoftwareIndia.Com

Small cap and Microcap Indices Not in Great Shape; Need to Remain Vigilant in Selecting Small Stocks

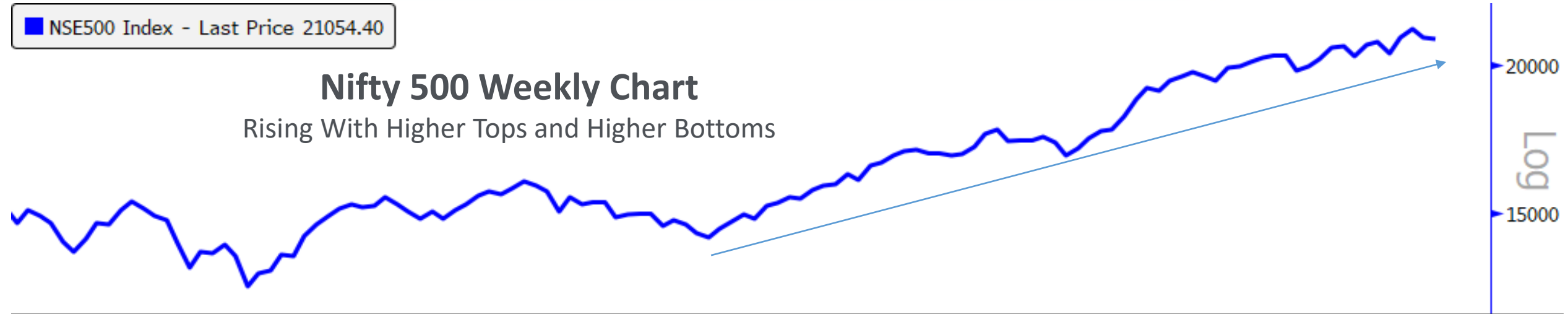


Breadth Weakening as % of Stocks above 200 DMA Trending Down

■ NSE500 Index - Last Price 21054.40

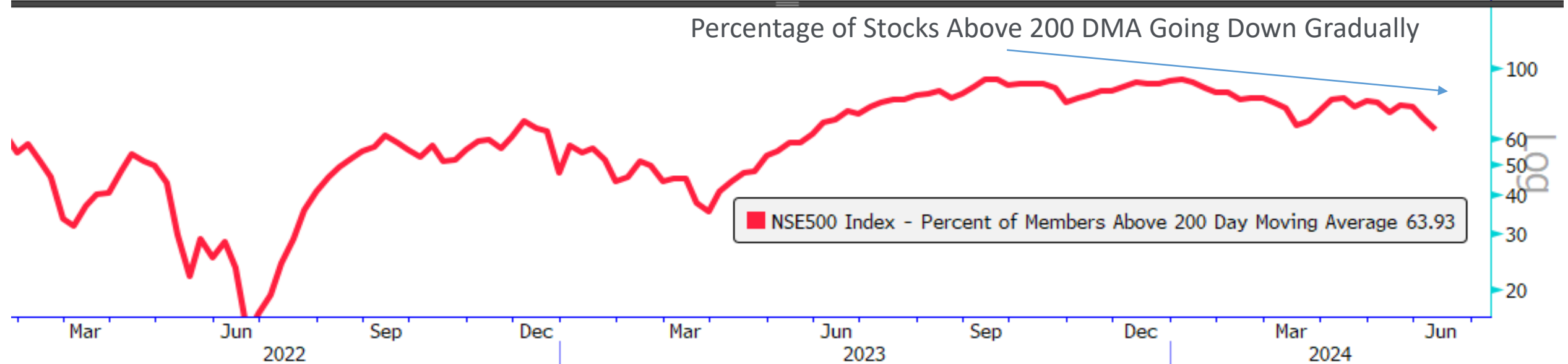
Nifty 500 Weekly Chart

Rising With Higher Tops and Higher Bottoms



Percentage of Stocks Above 200 DMA Going Down Gradually

■ NSE500 Index - Percent of Members Above 200 Day Moving Average 63.93



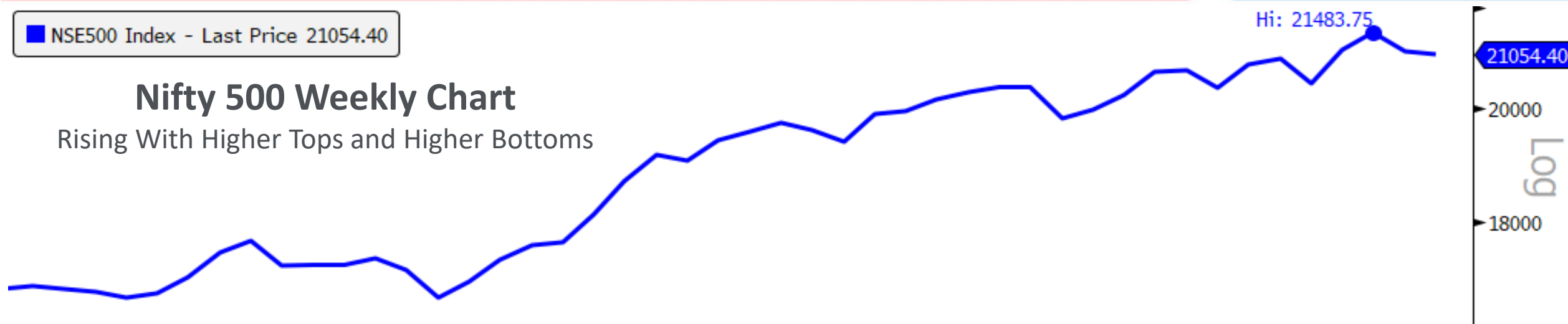
Breadth Weakening as Number of Stocks at 52 Week High Trending Down

NSE500 Index - Last Price 21054.40

Hi: 21483.75

Nifty 500 Weekly Chart

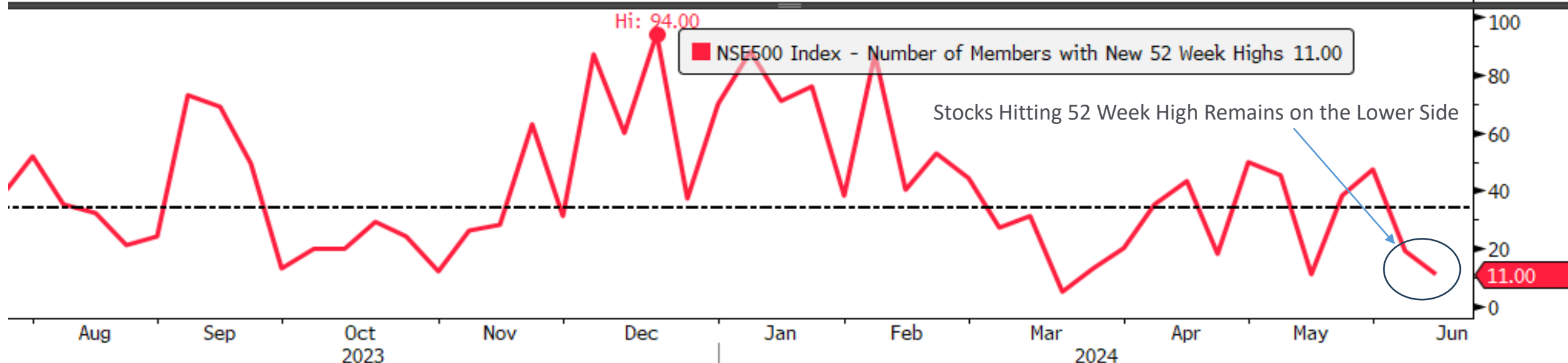
Rising With Higher Tops and Higher Bottoms



NSE500 Index - Number of Members with New 52 Week Highs 11.00

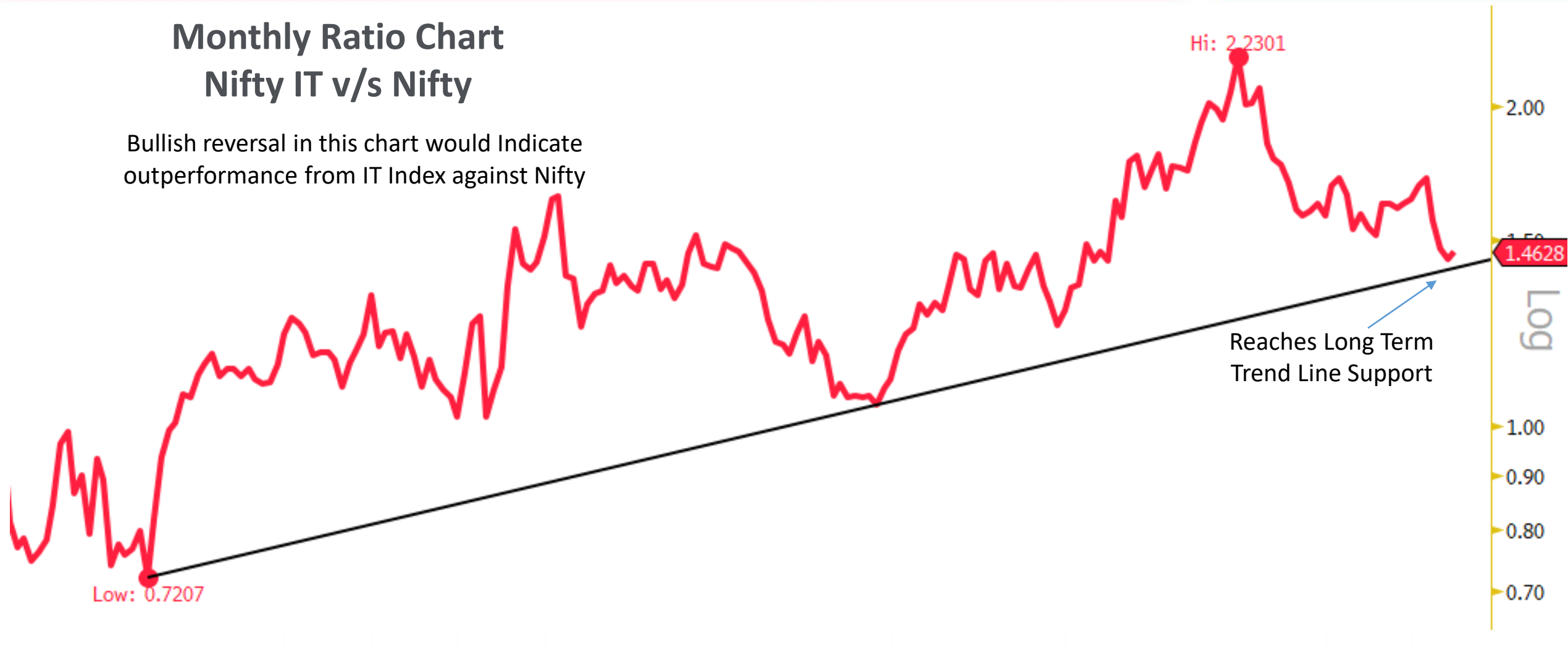
Hi: 94.00

Stocks Hitting 52 Week High Remains on the Lower Side



Monthly Ratio Chart Nifty IT v/s Nifty

Bullish reversal in this chart would indicate outperformance from IT Index against Nifty



2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024
NSEIT Index (NSE Nifty IT Index) ratio Monthly 28APR2009-05JUN2024

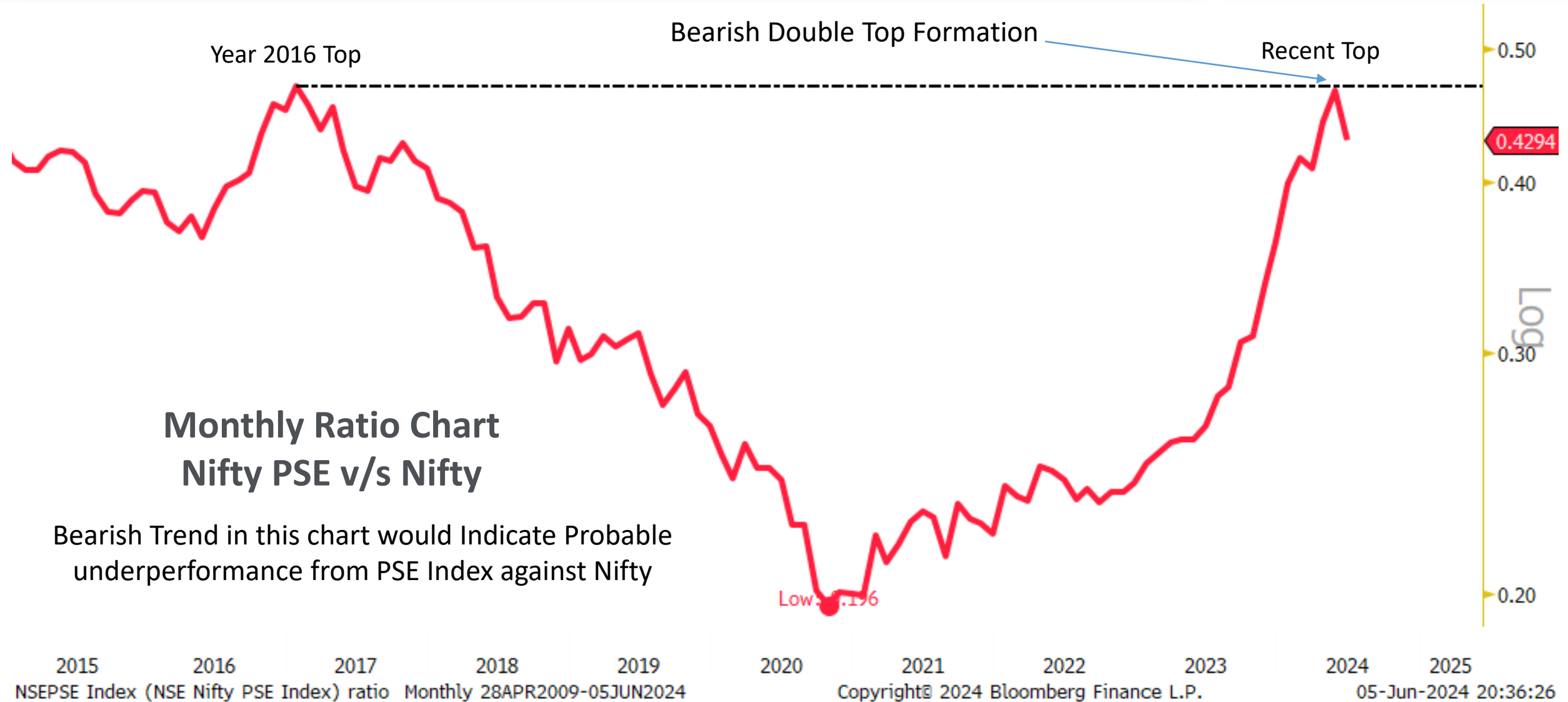
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Monthly Ratio Chart Nifty Pharma v/s Nifty

Bullish reversal in this chart would indicate outperformance from Pharma Index against Nifty



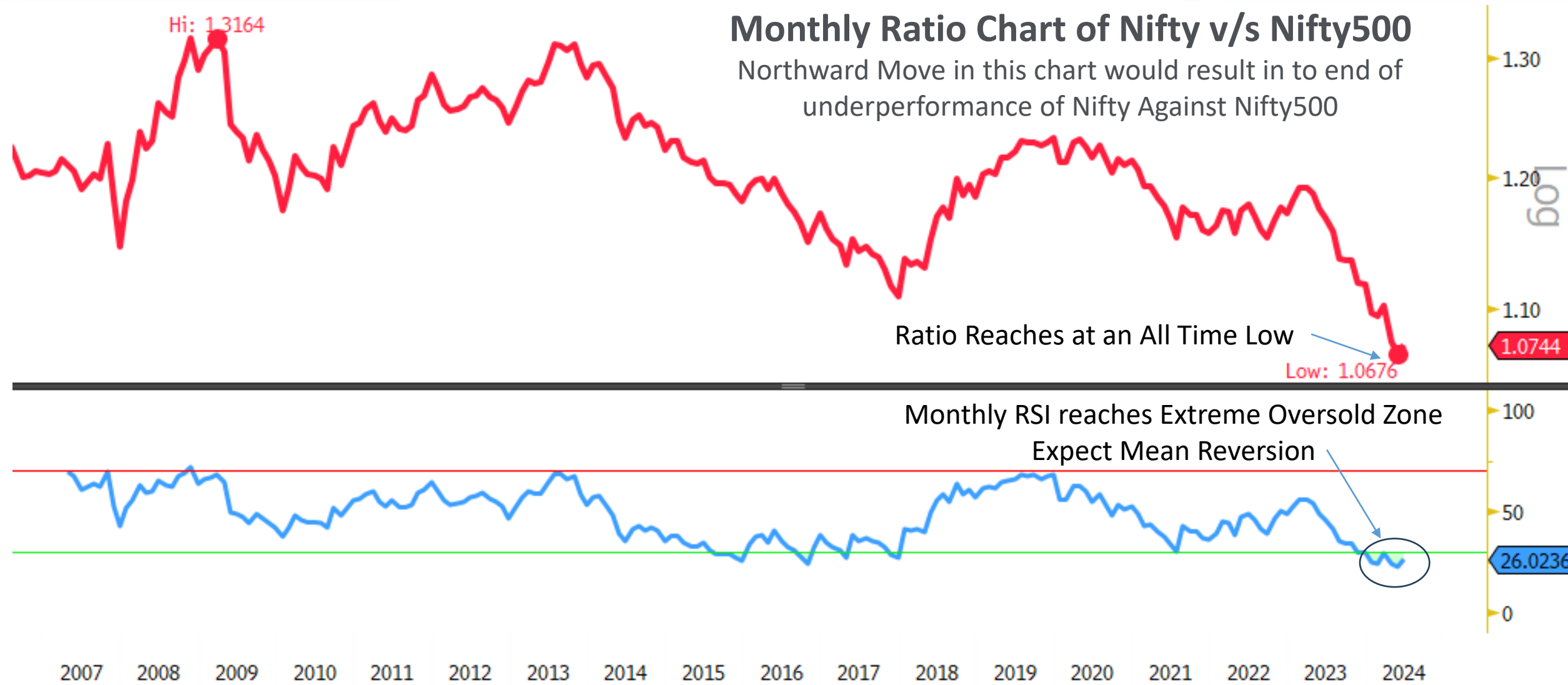
PSU Index Could Start Underperforming From Here



Nifty Expected To Outperform Broader Markets From Here

Monthly Ratio Chart of Nifty v/s Nifty500

Northward Move in this chart would result in to end of underperformance of Nifty Against Nifty500

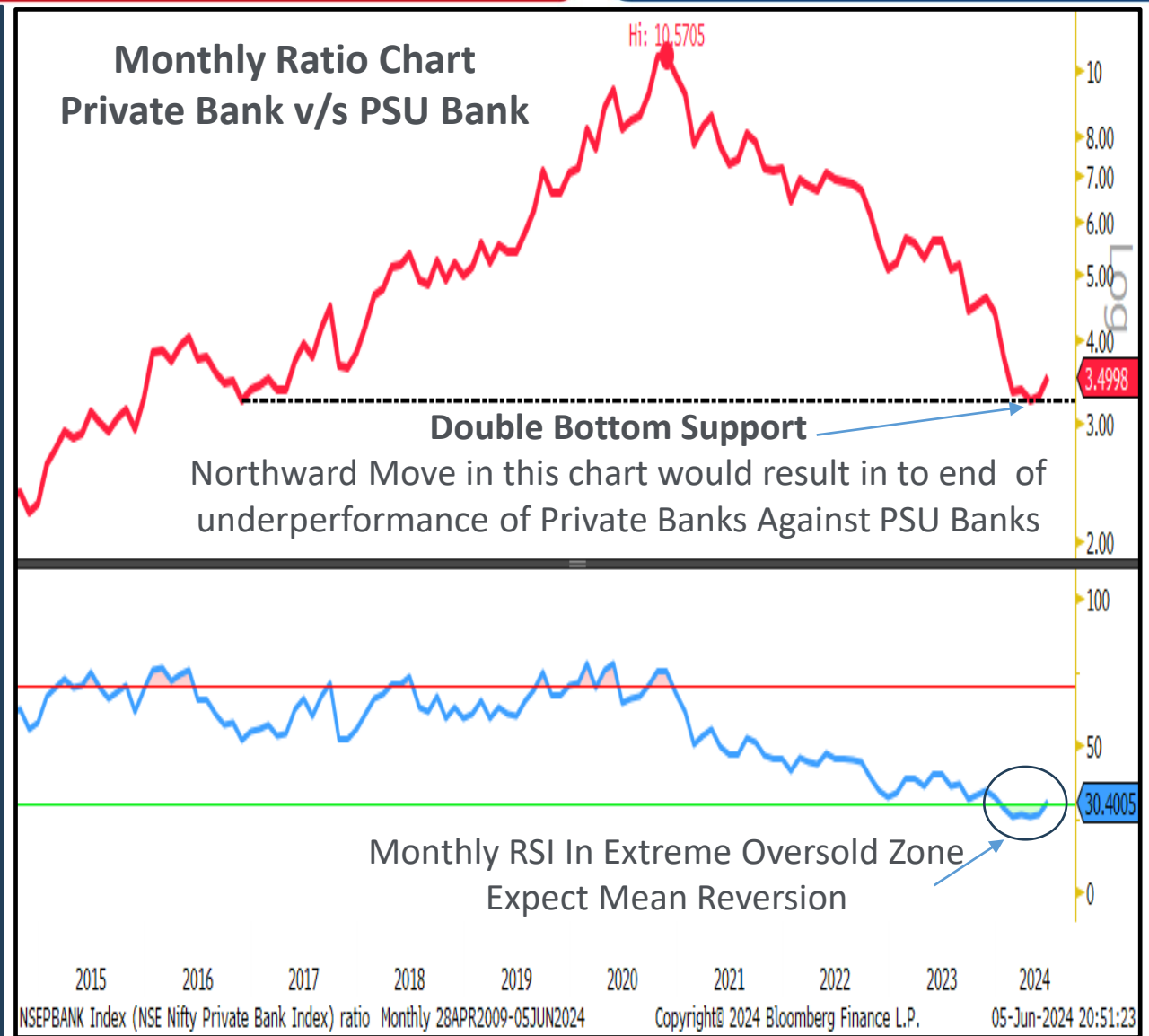
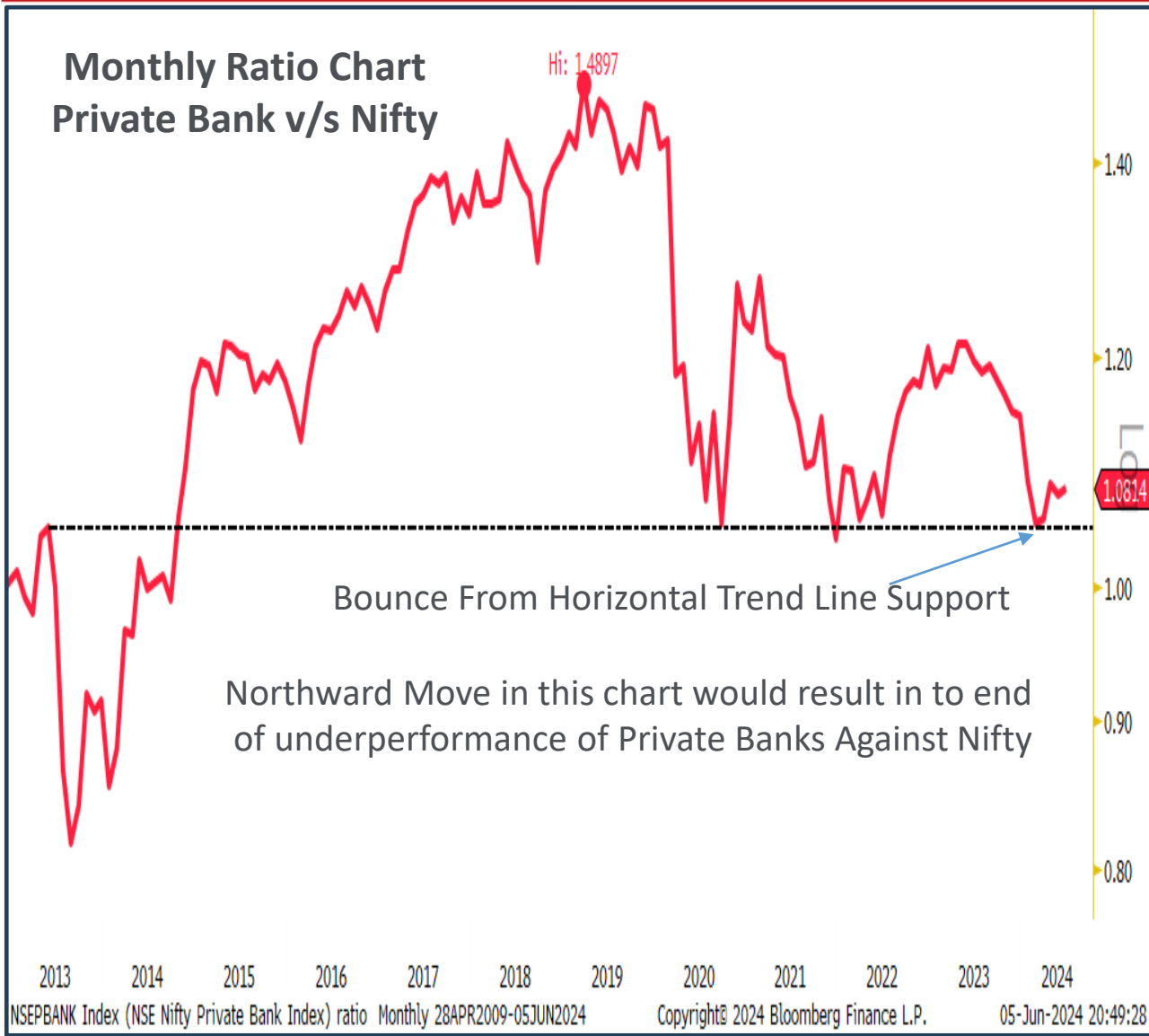


NIFTY Index (NSE Nifty 50 Index) ratio Monthly 28APR2009-05JUN2024

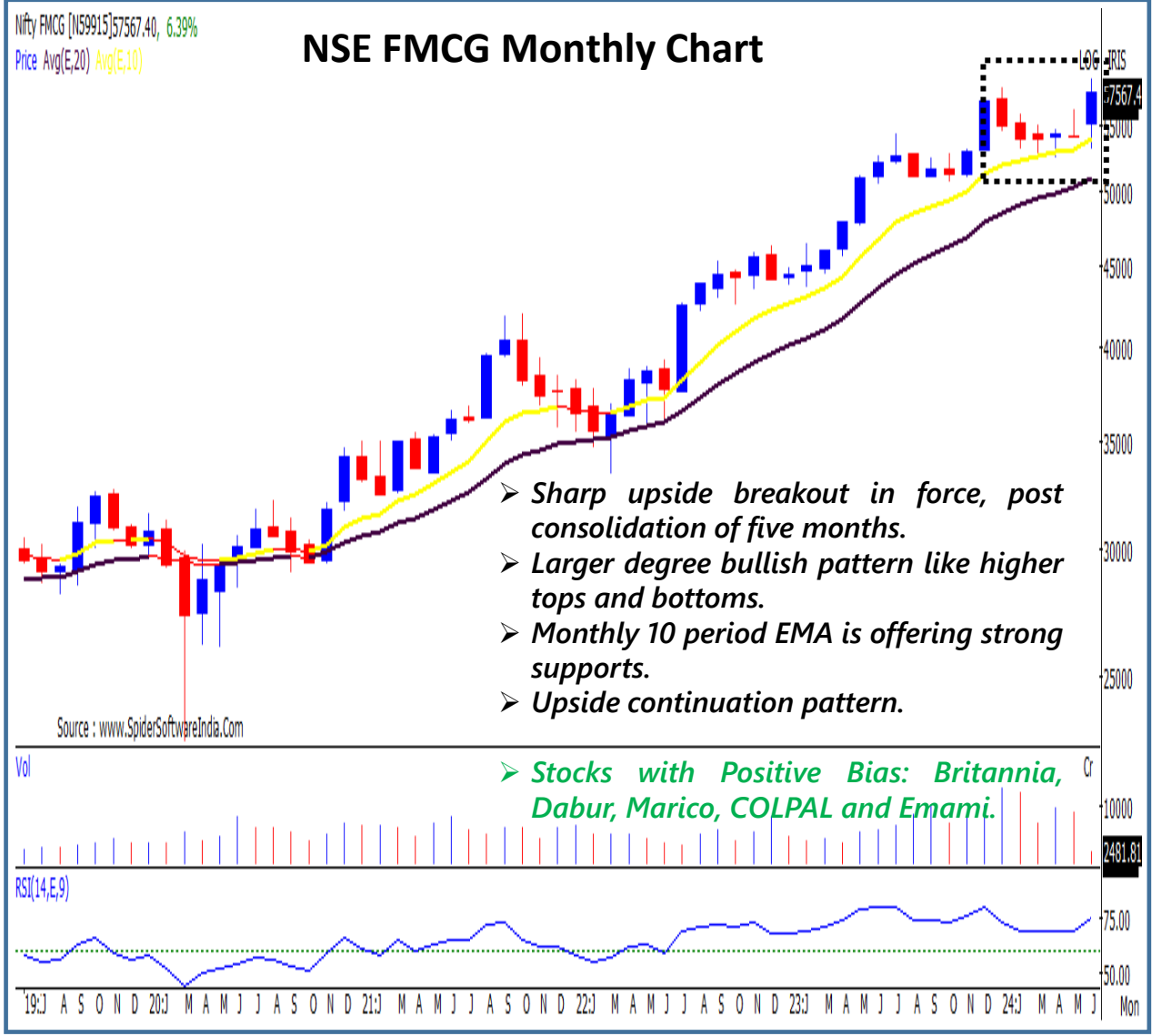
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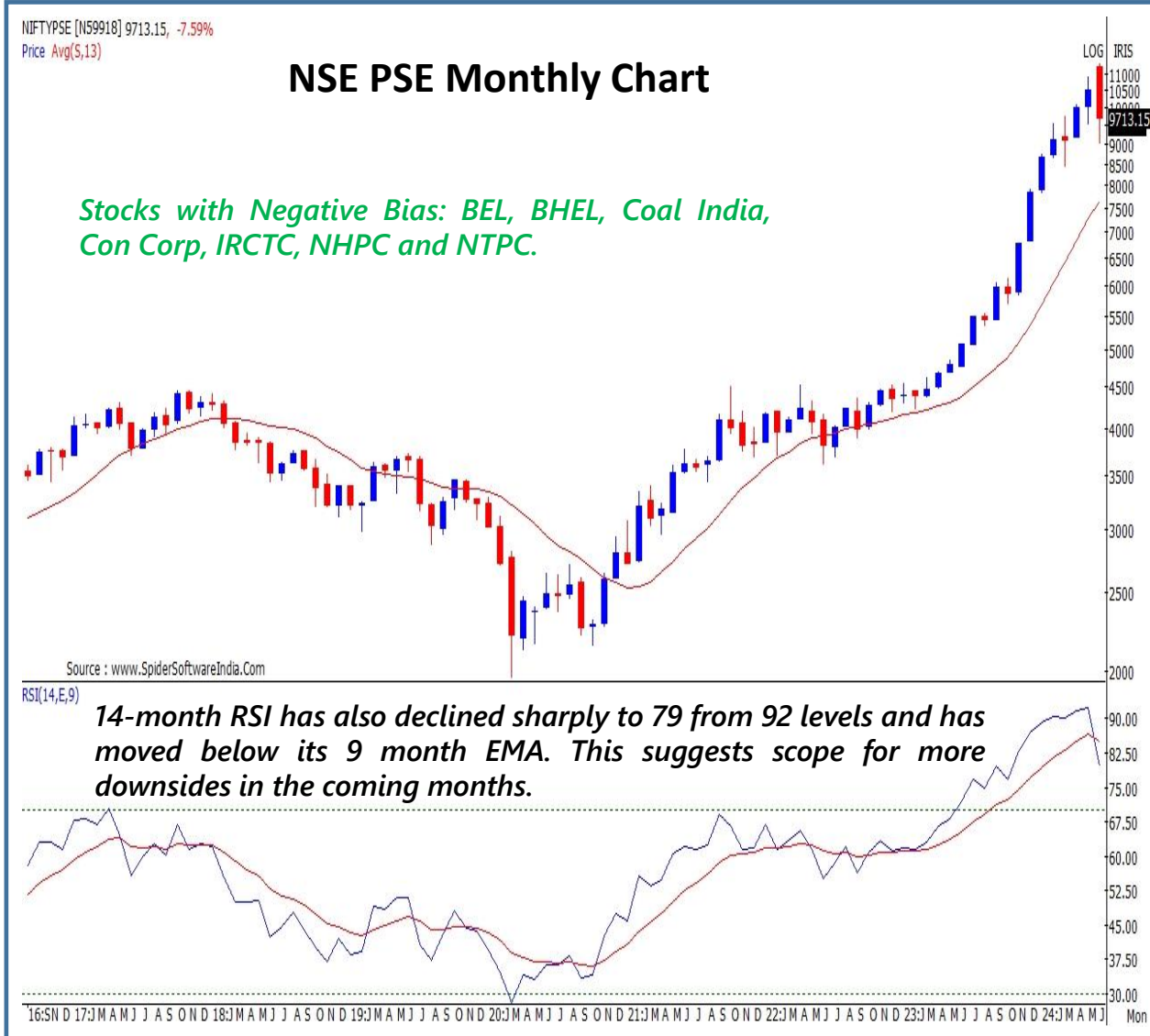
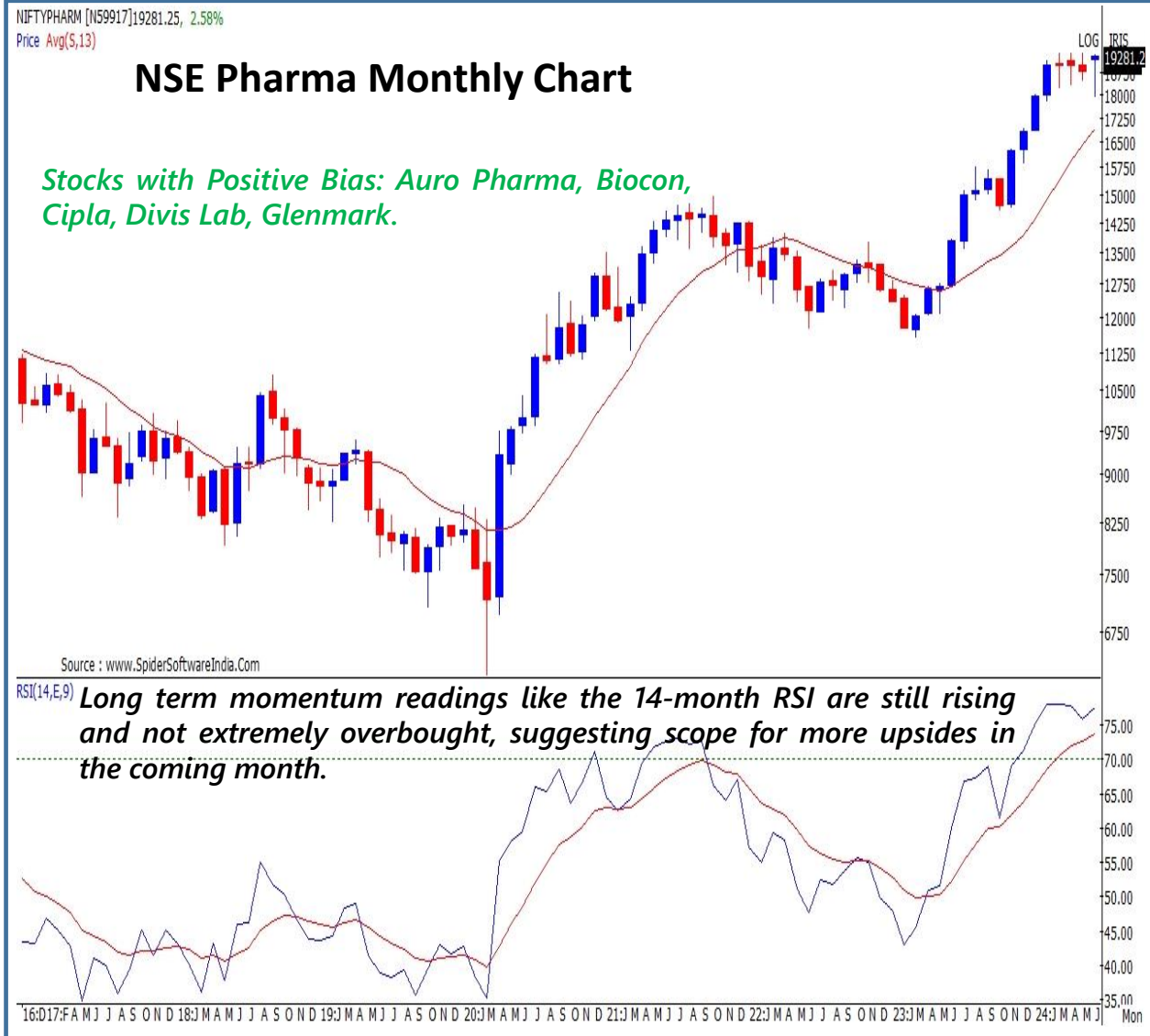
Time To be Overweight On Private Sector Banks



NSE FMCG : An attempt of decisive upside breakout of consolidation.
NSE IT : In the process of forming important bottom reversal.



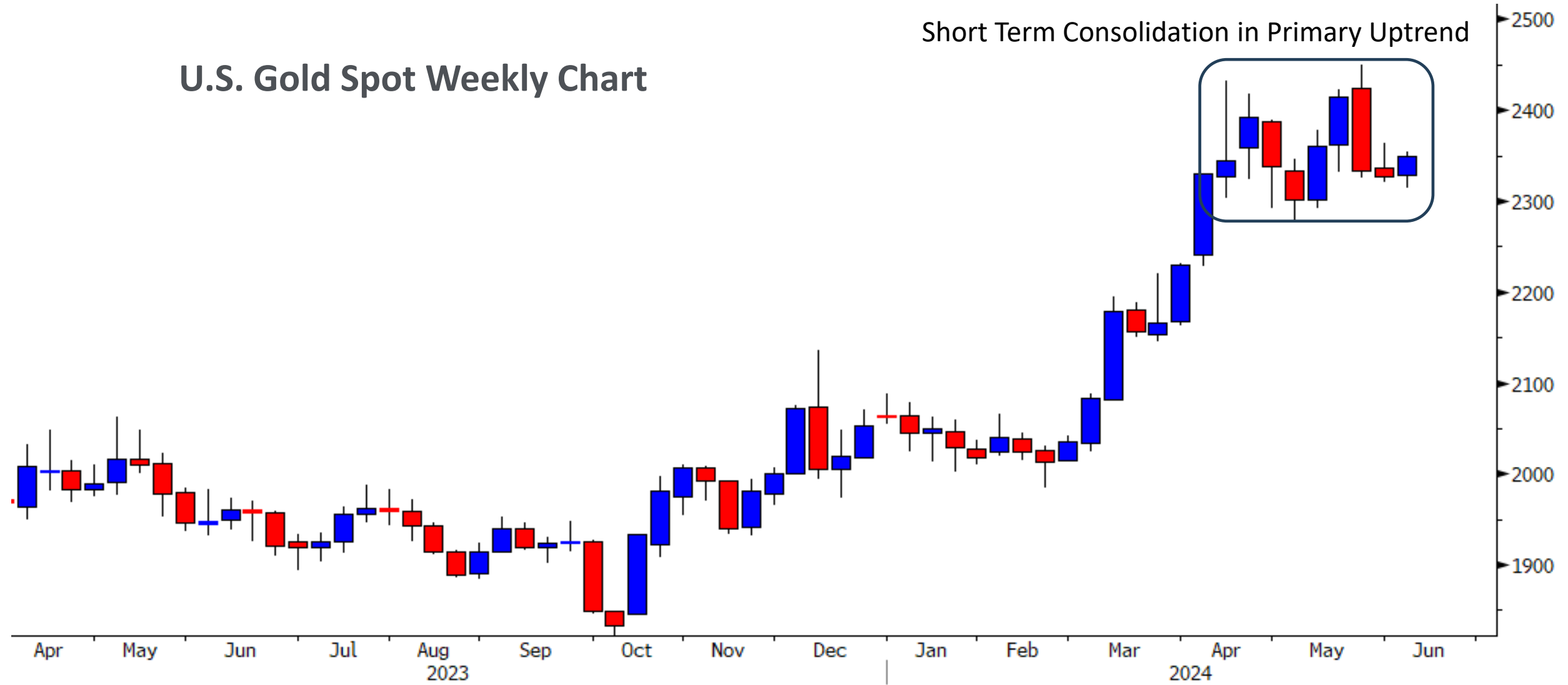
NSE Pharma : Uptrend looks set to continue. NSE PSE : Has corrected sharply from life highs. Uptrend under threat.



International Gold in Consolidation Trend; However Primary Uptrend is Well Intact

U.S. Gold Spot Weekly Chart

Short Term Consolidation in Primary Uptrend



MSCI Emerging Market Index Weekly Chart

Higher Tops and Higher Bottoms Intact



Throwback Fall Toward Channel Support

- After a sharp correction registered on 3rd June 2024, Nifty found support near its 200 days EMA, which is currently placed at 21260 odd levels.
- On 5th June, Nifty recouped more than 50% of its losses witnessed in the previous session
- Nifty has now retraced more than 61.8% of the entire fall, which indicates the negation of a down trend and resumption of an uptrend.
- The band of 22000-23000 becomes crucial for Nifty in deciding the positional trend. Weekly Close above or below this band would result in upward sloping channel breakout on the long term charts.
- Nifty is expected to outperform broader market index like NSE500, as long term Ratio chart has given trend reversal sign Ratio charts also indicates the probable outperformance from IT, Pharma and Private Bank Index from here.
- Breadth of the Market is not that great as percentage of stocks above 200 DMA and number of stocks hitting 52 week highs have been falling gradually and showing sign of negative divergence.
- Smallcap and Microcap indices seems to be legging behind in the recovery and same is expected to continue.

- Weekly ratio chart of PSE against Nifty and PSU Bank against Private Banks have given sign of bearish trend reversal and therefore we expect PSE and PSU Bank indices to underperform for the short term.
- Portfolios can be reshuffled by going overweight on private banks, pharma, IT and FMCG. While allocation towards PSU should be trimmed.
- Gold as an asset class has been in to consolidation phase for last 4-5 weeks. However primary trend of precious as well as industrial and base metals is positive and overall we expect them to perform in coming months.
- Emerging market Index has shown throwback fall towards the previous breakout levels on the charts. This indicates the chances of resumption of an uptrend from here.
- Post loksabha election results, India VIX has come down significantly which could lead to reduction in volatility in the Nifty going forward.
- Considering the technical evidences discussed above, we advice traders to be very selective in Mid and Smallcaps. We expect Large cap stocks and Nifty to outperform broader markets. Weekly close above 23000 would result in to fresh breakout on the medium term charts, which could push Nifty towards long term resistance of 23900. Weekly close below 22000 would be considered bearish, which could drag Nifty towards 21280 and lower.

- ❑ **Trading Strategy:** Remain Long With 22000 Stoploss on Closing basis in Nifty; Focus More towards Largecaps than Mid and Smallcaps; Expect IT, Pharma FMCG and Private Banks to Outperform

Action Points	Nifty (CMP 22620)	Bank Nifty (CMP 49054)
Short Term Trend	Bullish	Bullish
Medium Term Trend	Bullish	Bullish
Short Term Resistance	23338	51131
Short Term Support	22000	47000
Positional Resistance	23900	54000
Positional Support	21280	46077

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