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For Subscribers Only

India Outperforms The World

- **Opportunities Outside Of The Index**

The range-bound activity of the last six weeks has got the market divided on the way ahead. From a charts perspective, the index has been doing all the right things. There is no real evidence for a top-out at these levels. The 15900-16000 area just looks like a stopover point before the next leap forward. With the indicators away from the overbought zone, healthy participation from many heavyweights, abnormally low India VIX and steady global markets a run into the 16600-16700 zone is likely where we review. No visibility beyond this zone at the moment. 15790 and 15620 are the big supports to work with. Concern only on a close below the same. We see the Banking, Capital Goods, Real Estate, Infra, Insurance, Power sectors outperform.

- **Bank Nifty – Could Help The Nifty Get Past 16000**

Bank Nifty has been rock steady in the recent past. It rebounded quickly after all short corrections. The index seems to be going through a “U” shaped reversal that should take it back to 37700 levels in the next few weeks. The longer term target remains as high as 41000. Almost all studies that we track hint at a major trending move that could start as early as this week. Strong support seen at 34800-35000.

- **ICICI Bank – The New Leader**

The stock has been the best performer in the Banking space while the Bank Nifty went through a rough patch recently. The foundation has now been laid for a large upmove from current levels. It could remain the front runner.

- **KNR Constructions – The King Of All Times**

The stock has been in a crystal clear uptrend for months now. This despite the fact that the sector has only recently started to do well. It could now see a change in gears. We see a run towards the level of 300 and beyond over the coming weeks.

- **MCX – A Wonderful Platform**

The stock has been in hibernation mode for almost nine months now. It always had an excellent long-term chart set-up. Only recently some momentum has been seen that could have kick-started a new uptrend.

- **Prestige Estates – Change Of Gears**

The stock has been a big underperformer for the last many months. One of the few names to be trading below the 2020 highs. However, it is now likely to play catch-up and rally big from here.

Market Indices	
Sensex	53140
Nifty	15923
Medium-Term Trend	Up
52-Week Range	10562 - 15962
India VIX	11.71

Sector Preferences	
NSE Banking	↑
NSE Capital Goods	↑
NSE Real Estate	↑

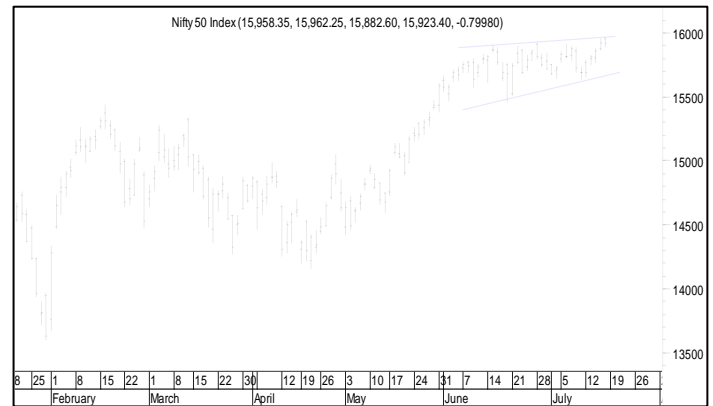
Stock Monitor
ICICI Bank
KNR Constructions
MCX
Prestige Estates

WEIGHT OF EVIDENCE

PATTERN SCREENING

The index has been in a range for the last six weeks. The battlelines have been clearly drawn. We have made some changes to the upper trendline to factor in the price action of late last week. The upper end of the trendline is around last Friday's high of 15962. A close past the same should confirm a breakout and trigger a move towards 16200 and 16600 eventually. Also, on the weekly chart the candlestick pattern formed is bullish. It suggests that the bulls could have absorbed all the supply and are now ready to take the Nifty well into the 16's.

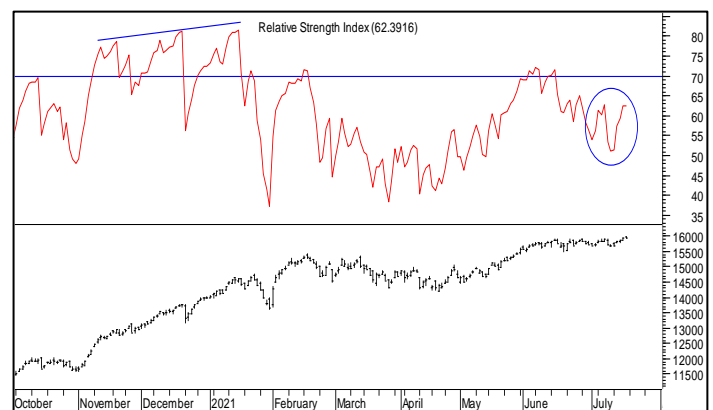
Exhibit 1



INDICATOR SCREENING

We have a very unique scenario currently as the headline indices are at life highs while the daily RSI is at a level of 62. While some are calling it divergence and have been taking a bearish stance, we have been treating it differently. We are doing this using our experience of previous bull markets. It just seems that the RSI has only created room so that it can move higher with the price action whenever the breakout takes places. Also, the daily MACD is now close to a buy and near the zero line. The ADX study is at historically low levels. It clearly suggests that a big trending move is coming. We remain positive.

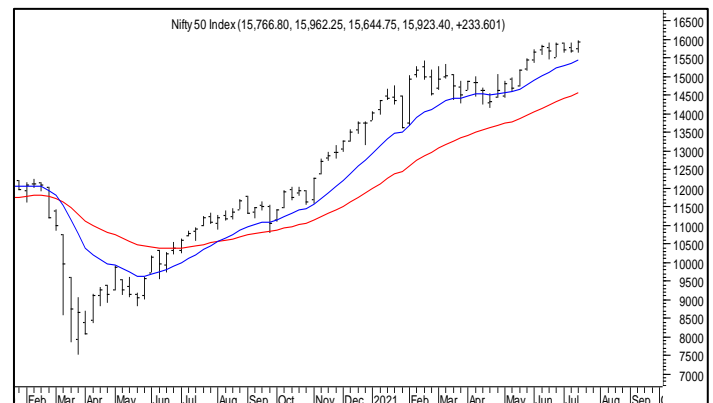
Exhibit 2



OSCILLATOR & MOVING AVERAGE SCREENING

The daily oscillator studies are quite irrelevant to the current set-up. This is because they "misbehave" in strong trending bull markets and should be ignored. The weekly oscillator too has cooled off a bit as the Nifty stayed in a range. This is again more positive than anything else. The key takeaway is on the moving averages. Notice how the averages provided support to the price action every single time in the recent past. Even the weekly averages remain close to the price action. Till this does not widen we cannot expect the indices to top-out. Overall, all well on these studies calling for a major move up.

Exhibit 3

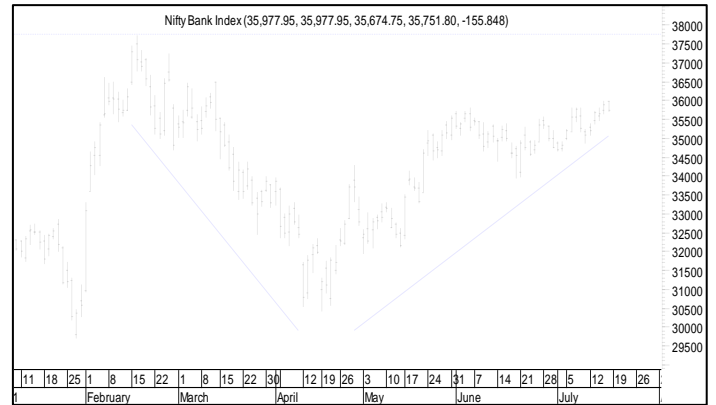


WEIGHT OF EVIDENCE

Nifty Bank – Preparing For Something Big

Looking at the Bank Nifty one just gets the feeling that the index has a lot of room to rally over the medium-term. A “U” shaped recovery seems to be underway. This recovery should take the index to 37700 levels with stopover around 36500. The good part is all studies are around the neutral zone and just waiting for the index to rally. The weekly chart set-up is bullish as well and calls for a rally to levels as high as 41000-41500 by the end of the year. Supports are very strong in the form of 34800-35000 in the near term. Keeping this in mind the risk-reward is excellent for a long trade.

Exhibit 4



Breadth – Extremely Rare Behavior

What has transpired on the Breadth indicator in the last couple of weeks is extremely rare. We take the NSE 500 index and study the number of stocks trading above the 50-DMA. It is amazing to note that despite the NSE 500 index being rock steady and at new highs, the breadth % gradually came down from a % of 93 in early June to a low of 76 a week back. It is currently at 78. It just goes to show that barring the top stocks in the index there has been a substantial cool-off, which makes the market healthy internally while it might not be visible. So going by this study, the breadth % has room to rally to 90-95 again.

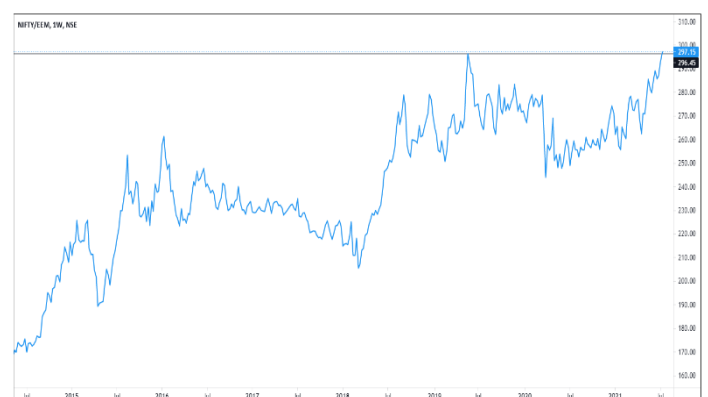
Exhibit 5



India VS EM/World – Outperformance

It is important to note that the Indian markets have been an outperformer in the global equity basket despite trading sideways in the recent past. This can be gauged using the relative strength chart of the Nifty against the MSCI EM index, MSCI world index and the Nikkei index. Infact, the ratio vs the EM index is at a new multi-year high. It just goes to show that India remains a poster boy and this would only help attract more liquidity from global players/fund. So these charts collectively suggest that the global market volatility (if any) might not have any major impact on India.

Exhibit 6





ICICI Bank (Rs.668) – The New Leader

BUY

The stock has been rock steady in the last three months while the Bank Nifty went through a rough patch. This is a clear indirect indication of strength. Corrections have been shallow, lifeless and lacked volumes. Every market rebound has seen this one lead from the front and this trend could continue in the weeks/months ahead.

Technically, the upmove in the last one week suggests that the stock is ready to change gears. A breakout from a minor bullish pattern has been confirmed on the daily chart. The moving averages have supported the price action all along. The ratio chart vs the Nifty and Bank Nifty hints at continuing outperformance.

Overall, with the Bank Nifty looking up and likely to move towards life highs we see this stock as the leader.

Entry Zone	662-668
Target 1	730
Target 2	805
Potential Return	10% - 21%
Closing Stop Loss	622
Time Frame	4-12 weeks
Support	653, 639
Resistance	700, 732

Exhibit 7



Source: Goldilocks Premium Research

KNR Constructions (Rs.258) – The King Of All Times

BUY

The stock has been doing all the right things since the start of the year. While the Real Estate sector has been ranged-bound for most of this time, this stock has been consistently making higher highs. The recent rally in the sector has just helped the stock gather more momentum.

Technically, after the reversal pattern breakout in early Feb '21 the stock has seen two continuation breakouts that have worked well. The volumes profile is excellent. The ratio chart vs the Real Estate index hints at mega outperformance ahead. Despite the recent rally the RSI study is yet to turn majorly overbought.

Overall, it could be one of the better performers in the sector in the weeks/months ahead. A 20-25% upmove is likely with limited downside.

Entry Zone	255-259
Target 1	300
Target 2	325
Potential Return	16% - 26%
Closing Stop Loss	232
Time Frame	4-12 weeks
Support	247, 237
Resistance	270, 301

Exhibit 8



Source: Goldilocks Premium Research



MCX (Rs.1684) – A Wonderful Platform

BUY

The stock has come out of a period of hibernation and is now likely to make up for the lost ground. It has been in a range for almost nine months but always had an excellent long-term chart set-up. We have been closely monitoring this one for short-term momentum and it was on display last week.

Technically, a breakout from a neat looking downward sloping “Channel” pattern can be spotted on the daily charts. This snap out had excellent momentum and volumes. Also since the upmove has been abrupt it would have caught market participants unaware.

Overall, the stock is likely to move towards lifetime highs in the near term. Much bigger targets in the form of 2200 could be seen over the medium-term.

Entry Zone	1675-1685
Target 1	1900
Target 2	2200
Potential Return	13% - 30%
Closing Stop Loss	1550
Time Frame	4-12 weeks
Support	1670, 1630
Resistance	1780, 1840

Exhibit 9



Source: Goldilocks Premium Research



Prestige Estates (Rs.326) – Change Of Gears

BUY

The stock has been an underperformer for the last 1.5 years. It has been one of the few names to have not crossed the 2020 highs. In a way it just goes to show that the upside potential is immense. The upmove last week has broken the shackles.

Technically, a breakout from a reversal pattern has been confirmed last week. The eye appeal of this pattern is excellent and the technical indicators are supportive. The daily RSI has moved into the overbought zone for the first time in a long time. The ratio chart is beautifully placed calling for substantial upside ahead.

Overall, we see a run into the 390-400 zone over the coming weeks. The risk-reward is excellent for a trade here. The low float might just go in favour of the bulls.

Entry Zone	324-327
Target 1	365
Target 2	395
Potential Return	12% - 21%
Closing Stop Loss	295
Time Frame	4-12 weeks
Support	322, 302
Resistance	340, 358

Exhibit 10



Source: Goldilocks Premium Research



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