GOLDILOCKS
PREMIUM RESEARCH
GAUTAM SHAH

# INDIA FORTNIGHTLY

**11 JULY**, 2022

**Gautam Shah (CMT, CFTe, MSTA)**
gautam@goldilocksresearch.com

*For Subscribers Only*

## Not A False Start

- **Bigger Recovery On The Cards**
  The market has done a lot of right things as this recovery from 15150 levels took place. This does not look like a false start like in the past and hence a bigger recovery is on the cards. The index could have seen a temporary bottom atleast at the recent lows and the chances of a revisit of the same is diminishing by the day. With momentum, leadership and participation in favour of the bulls and with more and more participants now joining the move up, the trend is only going to get stronger. This is a "V" recovery that should see a run towards 16800 with some stopover around 16550 levels. If all goes as per plan the bigger medium-term target stands at 17400. The level of 15700 should now act as an investor's base. Two major takeaways as we see it play out – a) new leaders have emerged in the form of FMCG, Auto and Capital Goods b) the broader markets could see outperformance and hence bottom up will be the key.

- **Bank Nifty – Back To The Winning Ways**
  The Bank Nifty has seen a perfect rebound from the medium-term support of 32500 in the last few weeks. This recovery has seen a lot of bullish triggers and is unlikely to get sold into easily. Our working target of 34500 was tested last week. Now the index is on course for 36000 where some resistance is seen. Over the medium-term it seems that the index could be heading towards 38800 levels.

- **FMCG – The New Poster Boy**
  Who would have thought that the FMCG would take leadership and help the Nifty do well. This is a big development and needs to be given importance. The index is doing all the right things on the charts. We see a test of 42000 in the near term where a stopover is seen. However, over the medium-term it seems that the index could see a rally to levels as high as 46500. Need to stay prepared for the same.

- **PSP Projects – The Real Move**
  After months of back and forth action that took shape of a consolidation pattern the stock has finally broken out on the upside that should gradually take it back to the Feb '22 highs. A strong base has now formed in the 550-570 zone that should remain protected.

- **Cummins India – Come What May**
  The stock is a good proxy to play the sectoral theme. It was steady all along while everything in the market collapsed. This was a clear sign of relative strength. We see a gradual move back to the April '22 highs of around 1150-1160 in the near term. Eventually 1200 is seen.

| Market Indices | |
|---|---|
| **Sensex** | 54481 |
| **Nifty** | 16220 |
| **Medium-Term Trend** | Downward |
| **52-Week Range** | 15183 – 18604 |
| **India VIX** | 18.39 |

| Sector Preferences | |
|---|---|
| **NSE FMCG** | ↑ |
| **NSE Auto** | ↑ |
| **BSE Capital Goods** | ↑ |

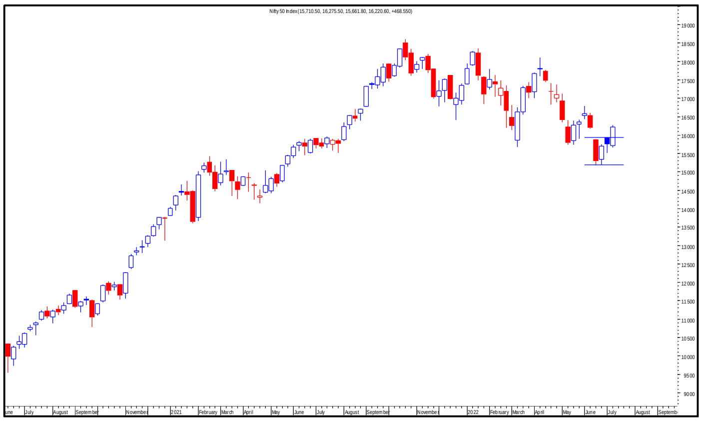
| Stock Monitor |
|---|
| **PSP Projects** |
| **Cummins India** |

# WEIGHT OF EVIDENCE

## PATTERN SCREENING

The biggest takeaway on the pattern studies is the failure of the pattern that had the neckline at 15700. Based on this pattern a lot of negativity was spread in the market place. However, we didn't give importance to this pattern because things were not falling in place. This helped us stay with a bullish stance. The bigger "Broadening" pattern remains in play and calls for substantial upside ahead. The candlestick pattern on the weekly chart is positive as well. It just goes to show that the bulls could be taking control once again. Overall, the triggers are mostly positive on this study.

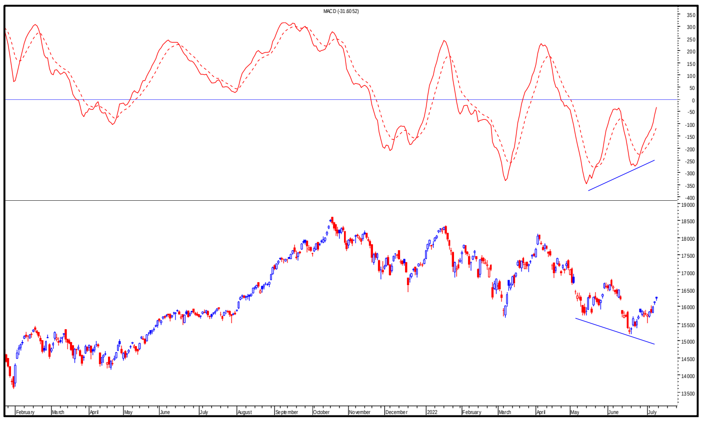
Exhibit 1



## INDICATOR SCREENING

The technical indicators also depict a picture of strength. We saw quality positive divergence early in the month that helped us in calling the bottom on the Nifty. This view has worked well so far. The daily RSI has seen a trendline breakout as well that calls for further strength. The daily MACD is strongly in buy mode as well. The ADX study seems to be setting up again and it could come up with a buy trigger soon. On the weekly charts, the indicators have only got better. Many of the studies are still near the oversold zone and it just goes to show the kind of strength the index could see from here.

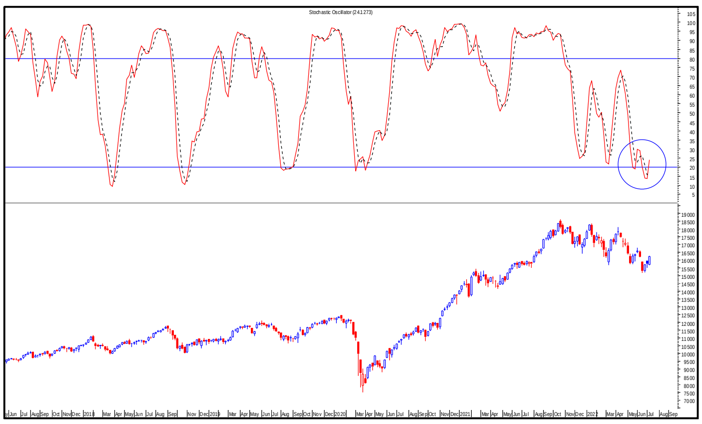
Exhibit 2



## OSCILLATOR & MOVING AVERAGE SCREENING

We made a bullish case based on the set-up on the weekly oscillators in the "Big Picture" report and this has worked well so far. Interestingly and importantly, the weekly oscillator is still around the oversold line and it just goes to show the kind of strength the index could see even from here. The daily moving averages have been confidently surpassed, which is good to see. This gives us the conviction that the rally is not just a rebound. The next real test is around 16550 where the 200-EMA stands. The weekly averages are yet to be surpassed and we shall be watchful of the same going forward.

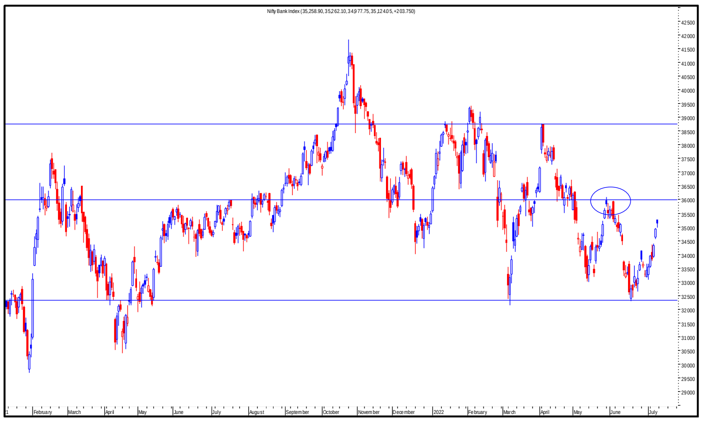
Exhibit 3



# WEIGHT OF EVIDENCE

## Bank Nifty – Making Up For Lost Ground

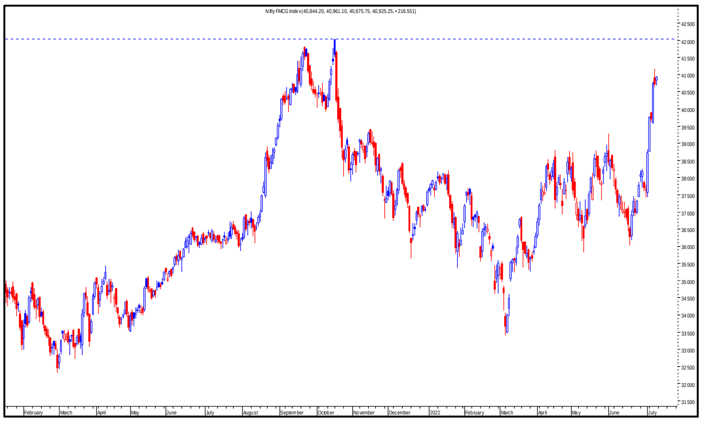
Exhibit 4



Bank Nifty has developed a very positive set-up after months of underperformance. Our mentioned support of 32500 worked well and the index rebounded from near the same. Last week's strength has changed the game completely. The index seems to be getting into leadership position once again. Getting past 34500 was the major trigger. A test of 36000 is likely in the near term. However, if everything goes as per plan the index could be headed towards 38800 and we need to be prepared for the same.

## FMCG – The New Poster Boy

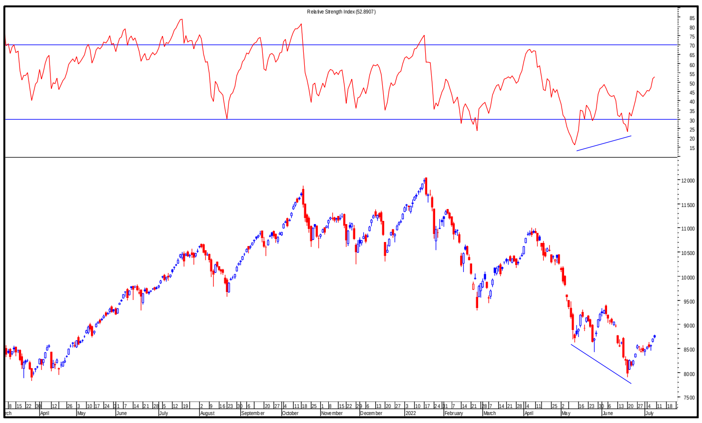
Exhibit 5



It is amazing how this index has taken leadership in the last few weeks. This looks like a genuine trend that is here to stay. Getting past the 39500 level was a big development. We see breakout triggers on multiple technical studies. The next stop for the index is only around 42000. While it could act as a stopover point the eventual target could be as high at 46500 and we need to stay positioned for the same. The 39300-39800 area now becomes a strong support for the medium-term. All the top stocks should benefit out of this trend in play.

## Small-cap – 9400 On The Cards

Exhibit 6



The Small-cap index has seen a gradual turnaround in the last two weeks. We have seen a series of higher highs. The bar quality has been excellent and participation has only got better. The index is also above the moving averages now which is an important development. This is looking like a "V" recovery that could take the index back to 9400 levels atleast. There is substantial upside from here. A lot of stocks are likely to do well. The 8550 and 8300 areas now turn into strong supports.

# PSP Projects (Rs.569) – The Real Move

**BUY**

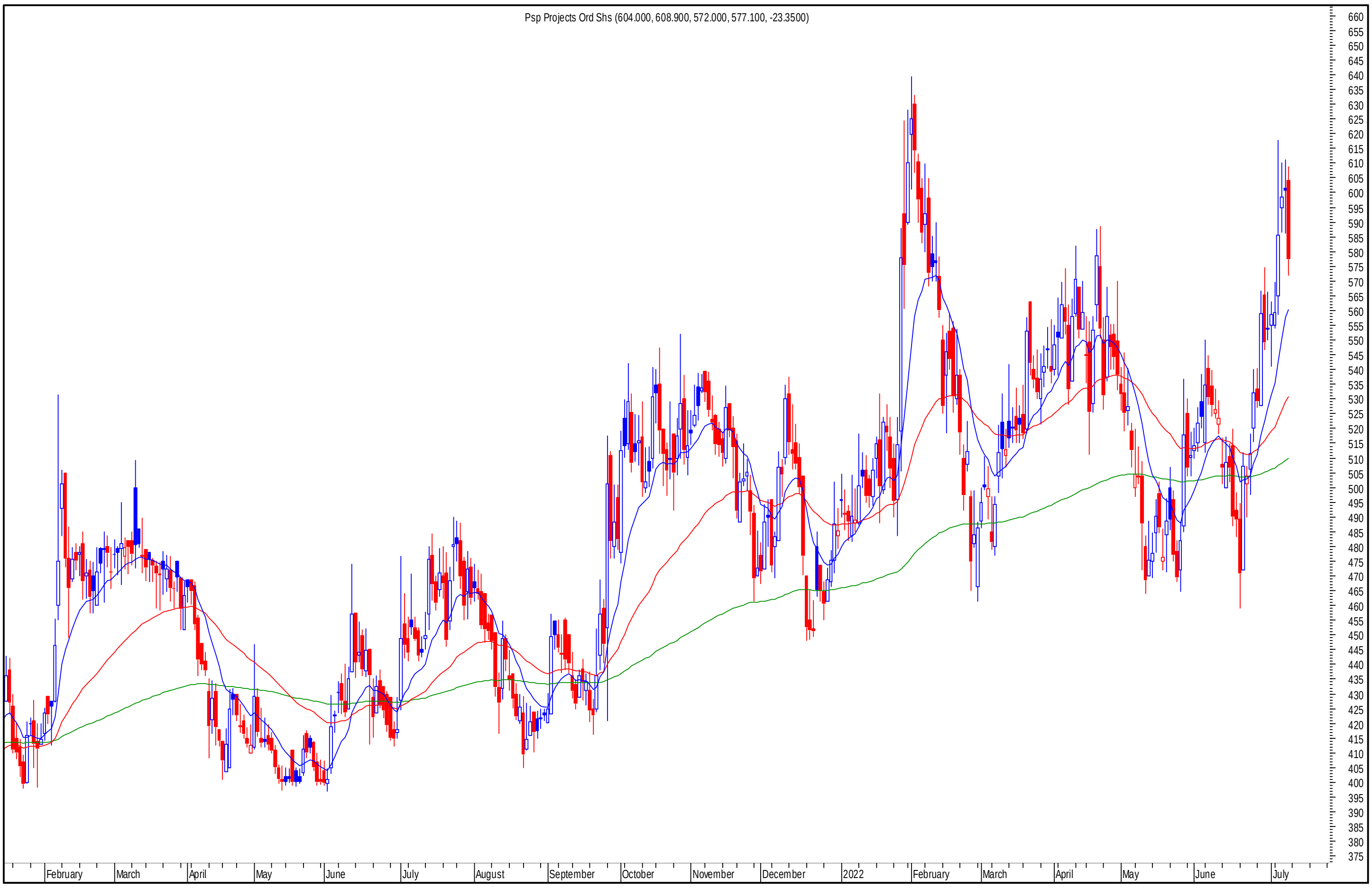
The stock has been on our radar for the last 6 months. In this period, it saw a lot of back and forth action that took shape of a consolidation pattern on the daily charts. The snap out seems to have finally happened and it should lead to super normal upside in the weeks ahead.

Technically, the pattern breakout took place around 550 and it looked very reliable and genuine. The follow-up has been excellent as well. Notice how the quality of bars is very different to the previous attempts. The technical indicators are all in buy mode as well. We see a confluence of moving averages.

Overall, the stock is likely to gradually move back to the Feb '22 highs of around 640. All resistances along the way should get taken out easily. It could lead the sector and end up being one of the frontrunners.

| | |
|---|---|
| **Entry Zone** | 566-572 |
| **Target 1** | 640 |
| **Target 2** | 740 |
| **Potential Return** | 12% - 29% |
| **Closing Stop Loss** | 518 |
| **Time Frame** | 4-12 weeks |
| **Support** | 567, 545 |
| **Resistance** | 610, 640 |

Exhibit 7




***Source:*** *Goldilocks Premium Research*

# Cummins India (Rs.1065) – Come What May

**BUY**

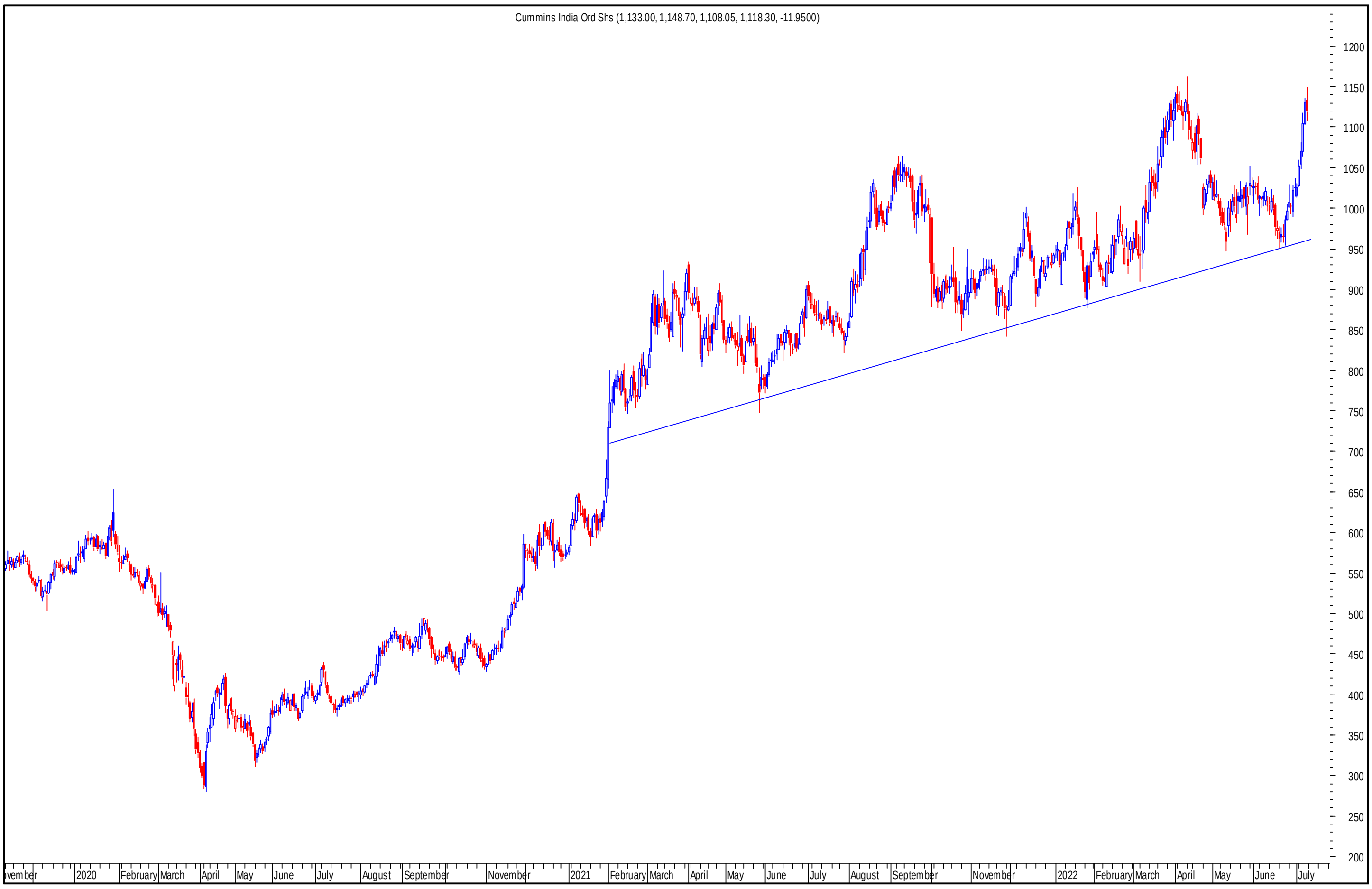
The stock has been on a strong wicket all along. Despite the carnage all around the stock held out and sustained well above support levels. This is commendable. As the market and the sector rebounded, the stock started to do well once again. It is currently near its 52-week high and there is more to come.

Technically, getting past the 1050 area qualified as a breakout on the charts. This had excellent eye appeal. The ratio charts vs the Nifty was the biggest trigger based on which we take this trade. It just goes to show that outperformance has just started and has a lot of room. There are no topping out signs at this point of time.

Overall, we see the stock as one of the leaders in the sector in the coming weeks and months. A run towards 1200 is in the offing. Much bigger targets are also likely.

| | |
|---|---|
| **Entry Zone** | 1060-1066 |
| **Target 1** | 1200 |
| **Target 2** | 1270 |
| **Potential Return** | 13% - 20% |
| **Closing Stop Loss** | 988 |
| **Time Frame** | 4-12 weeks |
| **Support** | 1040, 1015 |
| **Resistance** | 1150, 1205 |

Exhibit 8




***Source:*** *Goldilocks Premium Research*

# DISCLAIMER

**Goldilocks Premium Research Pvt Ltd**
SEBI Registered Research Analyst - INH300009233

**Address:**
**PS Continental, Unit – 203**
**83/2/1 Topsia Road (South)**
**Kolkata – 700046, INDIA**

**Contact: (91) 98300 35900**

The information and views in this report are believed to be reliable, but we do not accept any responsibility (or liability) for errors of fact or opinion. Users have the right to choose the product/report that suits them the most.

Investment in equity shares has its own risks. Sincere efforts have been made to present the right investment perspective. The information contained herein is based on analysis and on sources that we consider reliable. We, however, do not vouch for the consistency or the completeness thereof. This material is for personal information and we are not responsible for any loss incurred due to it & take no responsibility whatsoever for any financial profits or loss which may arise from the recommendations above.

**Our subscribers, a third party or anyone else have no rights to forward or share our calls or SMS or Reports or any information provided by us to/with anyone (through any medium) which is received directly or indirectly by them. If found so then legal action can be taken. Please note, any evidence of distribution, unauthorised access, copying, forwarding of reports/calls will lead to automatic cancellation of subscription without any refunds.**

There are risks associated with utilizing internet and short messaging system (SMS) based information and research dissemination services. Subscribers are advised to understand that the services can fail due to failure of hardware, software, and Internet connection. While we ensure that the messages/emails are delivered in time to the subscribers Mobile Network, the delivery of these messages to the customer's mobile phone/handset/desktop/ipad/tablet/laptop is the responsibility of the customer's Mobile Network/internet connection/wifi. SMS/Emails may be delayed and/or not delivered to the customer's mobile phone/handset on certain days, owing to technical reasons and Goldilocks Premium Research Pvt Ltd and its proprietor, analysts, employees, cannot be held responsible for the same.

You should strictly abide with the consultation provided by the qualified research analyst/s at Goldilocks Premium Research Pvt Ltd and trade only as per the levels provided by us. Unlike an actual performance record, simulated results do not represent actual trading. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown.

You, and not Goldilocks Premium Research Pvt Ltd, assume the entire cost and risk of any trading you choose to undertake. You are solely responsible for making your own investment decisions. If you choose to engage in transactions with or without seeking advice from a licensed and qualified financial advisor or entity, then such decision and any consequences flowing there from are your sole responsibility. Goldilocks Premium Research Pvt Ltd or any employees are in no way liable for the use of the information by others in investing or trading in investment vehicles.

Goldilocks Premium Research Pvt Ltd, its management, its associate companies and/or their employees take no responsibility for the veracity, validity and the correctness of the expert recommendations or other information or research. Although we attempt to research thoroughly on information provided herein, there are no guarantees in consistency. The information presented in this report has been gathered from various sources believed to be providing correct information. Goldilocks Premium Research Pvt Ltd, group, companies, associates and/or employees are not responsible for errors, inaccuracies if any in the content provided in this report.

# DISCLAIMER

Goldilocks Premium Research Pvt Ltd has license to provide research advisory as a research analyst. Your use of this and all information contained on www.goldilocksresearch.com is governed by these Terms and Conditions of Use. This material is based upon information that we consider reliable, but we do not represent that it is consistent or complete, and that it should be relied upon, as such. You should not rely solely on the Information in making any investment. Rather, you should use the Information only as a starting point for doing additional independent research in order to allow you to form your own opinion regarding investments. By using www.goldilocksresearch.com including any software and content contained therein, you agree that use of the Service is entirely at your own risk. Goldilocks Premium Research Pvt Ltd is a registered research analyst. You understand and acknowledge that there is a very high degree of risk involved in trading securities. Goldilocks Premium Research Pvt Ltd makes no warranties and gives no assurances regarding the truth, timeliness, reliability, or good faith of any material posted on www.goldilocksresearch.com.

By visiting the website (www.goldilocksresearch.com) and reading/acting on this report as a visitor and/or as a subscriber, surfing and reading of the information on the website is the acceptance of this disclaimer and all other terms and conditions.

Goldilocks Premium Research Pvt Ltd strictly follows Trading Principle and Stop Loss Policy wherein Customer by default agree to not do/ enter any trade without Pre Informed/ Defined Stop Loss. If you trade against the stop loss policy, you alone shall be responsible for the same & Goldilocks Premium Research Pvt Ltd shall have zero liability towards it.

Neither Goldilocks Premium Research Pvt Ltd nor its associates or the Research Analyst(s) named in this report or his/her relatives individually owns one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

Research Analysts or their relatives; (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

Trading recommendations based on quantitative analysis are based on index/stock's momentum, price movement, trading volume and other volatility parameters, as opposed to study of macro economic scenario and a company's fundamentals. The trading calls and/or contents of this document are not made with regard to the specific investment objectives, financial situation or the particular needs of any particular person. Any action taken by you based on the aforesaid report and suffer adverse consequences or loss, you shall be solely responsible for the same. We expressly disclaim any liability and responsibility for any losses arising from any uses to which this communications is out.

Other Disclosures under RA Regulations,2014
There is no disciplinary action which is / was running / initiated against the Proprietor and there are no outstanding litigations against him. There are no financial dependant associates.

Securities Investments are subject to market risk, economic risk, interest rate risks, credit risks, political and geopolitical risks, currency risks, country risks and risks arising from changing business dynamics. The performance of company(ies) covered herein may be adversely affected by numerous factors including, for example, (i) business, economic, and political conditions; (ii) the supply of and demand for the goods and services produced, provided, or sold by such companies; (iii) changes and advances in technology that may, among other things, render goods and services sold by the such companies obsolete; and (iv) actual and potential competition from other companies, whether in India or abroad. (v) Certain companies may need substantial additional capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms or at all. (vi) adverse news about the company/sector, (vii) poor results of the company (ix) unforeseen force major events like war, hostilities, revolution, riots, civil commotion, strikes, lockouts, epidemic, fire, explosion, flood, earthquake, act of God, any act of Government or any such other cause. Hence, there is no assurance, insurance or guarantee that the forecast, recommendation, opinion, etc. given about the securities/companies in the report will be achieved.