

Oversold, Sentimentally & Technically

• Opportunity Across Various Sectors

The index has completed 8 months into the bear market that started in Oct 21. In this period severe price destruction has been seen, which cannot be optically gauged from the headline indices. We have now come to a point where many sectors are deeply oversold with bottoming triggers and in a very pessimistic environment. While the Nifty trend is still not clear, many sectors hint at a large opportunity. Irrespective of the Nifty move one should look at serious long-term commitments here. Sectors like Mid-cap, Small-cap, IT, Real Estate look well positioned to turnaround. Performers like Auto/FMCG should continue to stand out. Laggards like Metals/Pharma could be close to their worst.

• Nifty Bank – Key To The Market Trend

The Bank Nifty has been an underperformer in the last couple of weeks. This put pressure on the overall market leading the Nifty down to 15150 levels. Now the Bank Nifty is at a make of break point in the form of 32500. One way or the other a 2000-2500 point move could be coming. Only below 32500 do we work with the bearish possibility. Next 7-10 days could indicate the trend.

• NSE Auto – Time To Be Overweight

The index has stood out really well while the entire market went through a very difficult phase recently. Support levels have been respected all along. The move yesterday qualifies as a fresh breakout and should take the index to 12k levels. Higher levels to new life highs are also likely. Stay overweight.

• NSE IT – Worst Could Be Over

We once again make the point that the index could have seen its worst in the last two weeks. Many technical studies have come together to hint at a bottom. The downside is about 3-5% while the upside potential is 10-20%. Stay with the top names.

• NSE Mid-cap/Small-cap – Big Opportunity

We remain of the view that the best opportunity in the current market is in the Mid-cap and Small-caps. They are nearly insulated from the global newsflow. Many are supremely oversold.

• NSE Real Estate – Could Start Building Again

The index has tested our medium-term target of 365 in the last few weeks and respected the same. There are some concrete signs for a possible bottom here. The recovery could be large.

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Market Indices

Sensex	52265
Nifty	15556
52-Week Range	15183 - 18604
India VIX	20.88



Outperforming Sectors

Auto

Mid-cap/Small-cap

IT



Underperforming Sectors

Metals

Pharma



NSE NIFTY BANK

Exhibit 1



Source: Goldilocks Premium Research

Make Or Break

• **Overview**

Banking is one of the few sectors in the market currently that have not depicted bottoming triggers. This makes the trend of this sector extremely important. We are at a make or break point. Till 32500 is safe we can be hopeful. 33500-33800 is the major resistance. Once cleared, the bulls get back in power.

• **Watchful**

We need to be watchful at this point as there are mixed triggers on the charts. This 32500 number is the pre Covid high and is a point from where the index has found support multiple times. We have also seen some positive divergence on the daily charts. Healthy.

• **Conclusion**

Since the Bank Nifty is on a slightly difficult wicket not many stocks are shaping up well. We continue to like ICICI and SBI are our top picks. This is followed by HDFC Bank, which is at a big support.

Outperforming Stocks - Top Picks

ICICI Bank (Res : 717, 755)

SBI (Res : 1815, 1890)

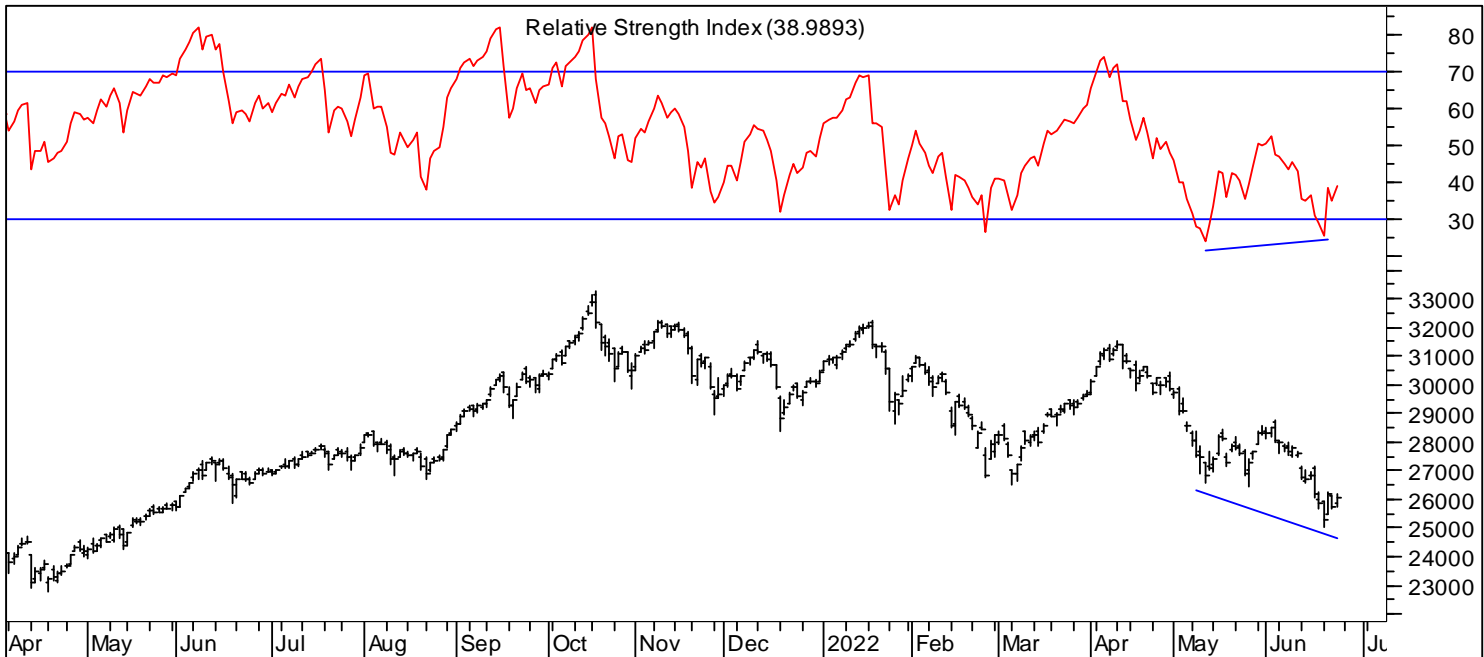
Underperforming Stocks

IDFC First (Sup : 27, 24)



NSE MID-CAP 100 INDEX

Exhibit 2



Source: Goldilocks Premium Research

Big Opportunity

- Overview**
 We think the fall is now overdone and hence a big opportunity exists to take longs on an index level. The worst case on the index was around 24800, which was almost tested. We think a gradual recovery from current levels is likely for a move back to 28k & 29k.
- Bottoming Triggers**
 We see many bottoming triggers on the technical studies. The price action just needs to confirm the same by exhibiting follow-up strength. Most studies are deeply oversold, the breadth studies have seen readings from where bottoms have been formed in the past. We change our stance only on a close below 24800.
- Conclusion**
 Many Mid-cap stocks are still developing and coming out of a major downtrend. Hence, stock set-ups will mature only now. We continue to like Indian Hotels, HAL and Max as our top picks.

Outperforming Stocks - Top Picks

Indian Hotels (Res : 239, 270)

HAL (Res : 1900, 2050)

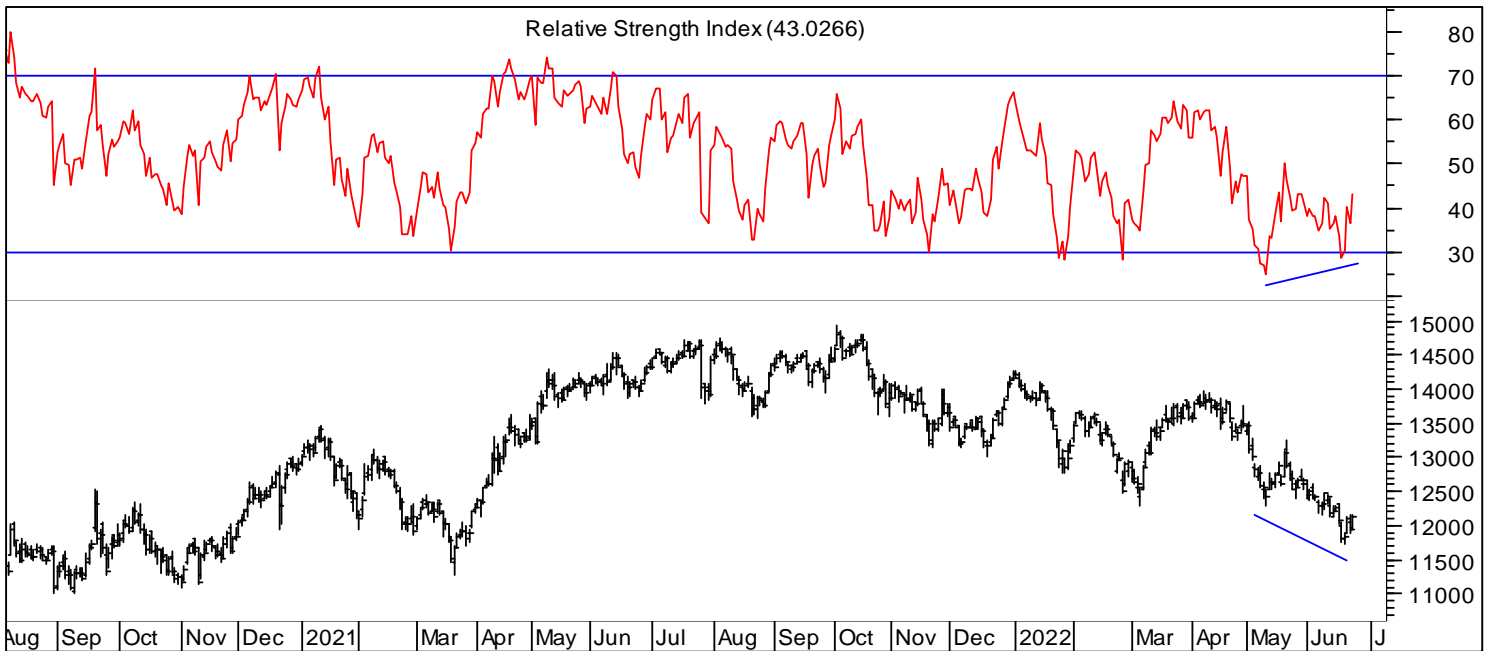
Max Health (Res : 390, 420, 450)

Underperforming Stocks

Dhani (Sup : 28, 25)

NSE PHARMA INDEX

Exhibit 3



Source: Goldilocks Premium Research

Capitulation

- Overview**

The index has seen a bottomless decline in the last many months. This has led to most people giving up on the sector. In the last few days the index has tested the lower end of the range, which stands at 11700. There is a high probability that the index sees a sustainable rebound from current levels. Resistance seen at 12400.

- Could This Be It**

While it is said that catching a falling knife is foolish, we think some evidences have stacked up to hint at a possible bottom. The "Channel" has worked beautifully over the months. The breadth studies are just too oversold at this point.

- Conclusion**

With some signs of bottoming out on the index, we need to carefully analyse the names as many are at long-term supports. For now, we like Cipla and Divi's Labs that seem to be best placed.

Outperforming Stocks - Top Picks

Cipla (Res : 1000, 1060)

Divi's Labs : (Res : 3750, 3900)

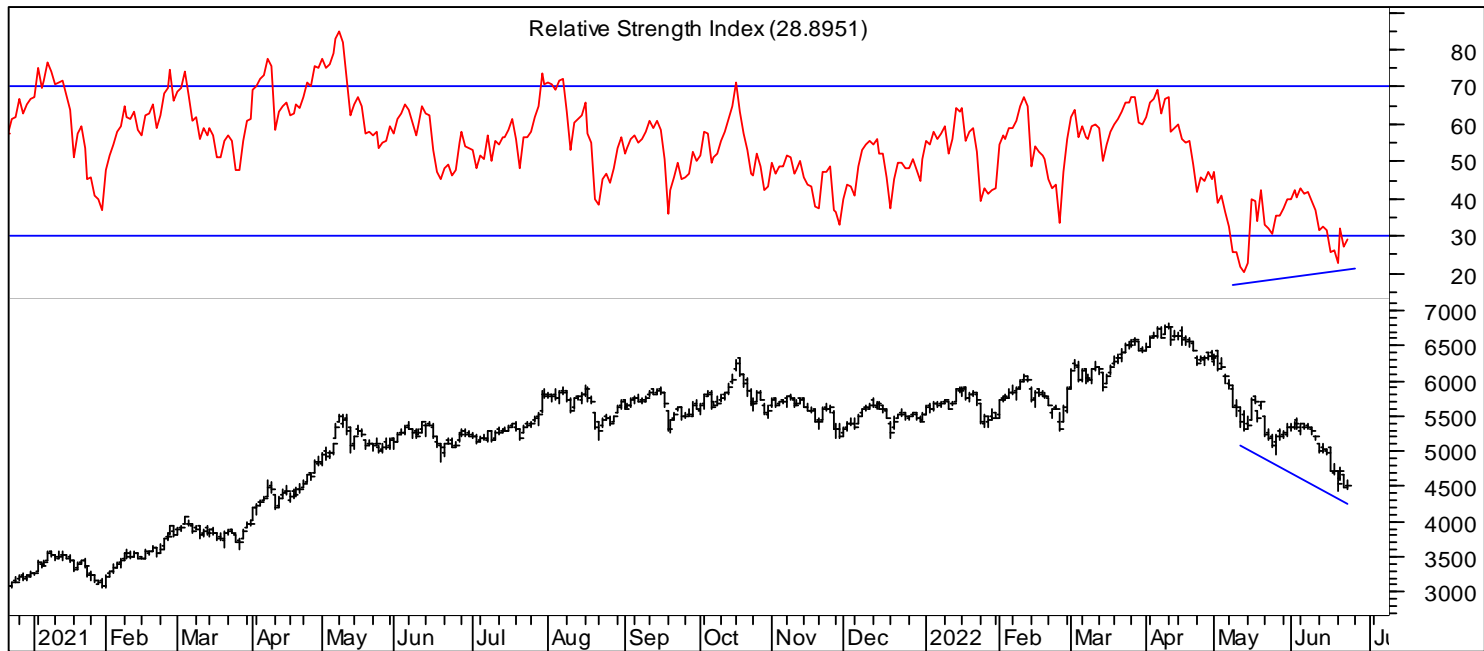
Underperforming Stocks

Lupin (Sup : 595, 550)



NSE METALS INDEX

Exhibit 4



Source: Goldilocks Premium Research

Oversold

- Overview**
 The Metals index is just too oversold at this point. It has seen a waterfall decline in the recent past that saw all downside targets being achieved. Our working level was around 4500, which was achieved last week. Now the index is likely to get into recovery mode with resistance around 5000/5170.
- Positive Divergence**
 Every downtrend reaches a point where the buyers are just forced to coming in. We think that point has come. We see positive divergence and some quality candlestick patterns. The bull market retracement is also done. Going below 4450 looks difficult now.
- Conclusion**
 Almost all the top names have a weak set-up at this time. A gradual turn could take place. This will take time. We like Adani Ent. and APL Apollo that seem to be exhibiting relative strength.

Outperforming Stocks - Top Picks

- Adani Ent. (Res : 2240, 2415)
- APL Apollo (Res : 936, 1027)

Underperforming Stocks

- SAIL (Sup : 62, 56)



NSE REALTY INDEX

Exhibit 5



Source: Goldilocks Premium Research

Respects Long-term Support

- Overview**
 After a very long time we have some concrete bottoming out triggers on the daily charts. The index has already seen a lot of damage and could now get in recoup mode. With 365 as the long-term support, we see a turn from current levels for a move back to 395, 415 and even higher. Good time to create investment longs.
- All Negatives Discounted**
 It just seems that all the negatives could have been discounted by the price action in the last few weeks. We have now seen quality positive divergence with oversold readings. The area around 365 has a lot of history behind it and is a huge inflection point.
- Conclusion**
 It is advisable to stick to the top names in the sector. DLF remains the best bet. Good proxy to the index. This is followed by Phoenix Mills and Brigade. Both have outperformed all along.

Outperforming Stocks - Top Picks

DLF (Res : 330, 350, 374)

Phoenix Mills (Res : 1179, 1230, 1300)

Brigade (Res : 471, 530)

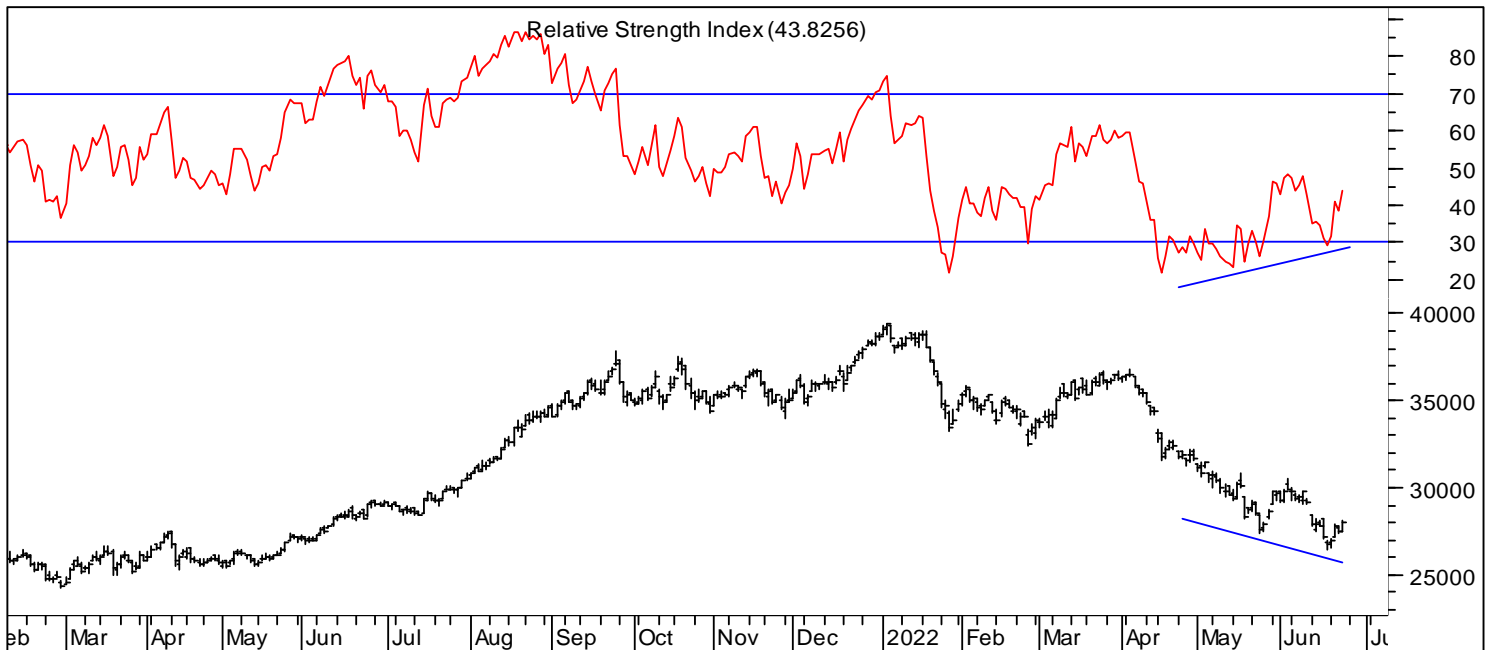
Underperforming Stocks

Hemisphere Prop. (Sup : 100, 87)



NSE IT INDEX

Exhibit 6



Source: Goldilocks Premium Research

Worst Could Be Over

• **Overview**

There is a very high probability that the index could have seen its worst in the last one week. We say this on account of multiple evidences that have now emerged and can be considered reliable. 26500-28500 is the trading range for now. A gradual move to the upper end and thereafter a breakout could be seen for 30k again.

• **Positive Divergence**

For the first time in eight months we have seen quality positive divergence on the daily charts of the IT index. This is as good as it gets. We have also seen a large retracement of the bull market. The candlestick pattern is positive as well.

• **Conclusion**

With the index having almost bottomed out it is better to stick to the large-cap names. We like Infosys, TCS and Wipro. All there could generate super normal returns from here.

Outperforming Stocks - Top Picks

TCS (Res : 3404, 3640)

Infosys (Res : 1515, 1600, 1640)

Wipro (Res : 440, 467, 494)

Underperforming Stocks

OFSS (Sup : 2980, 2730)



NSE FMCG

Exhibit 7



Source: Goldilocks Premium Research

Within A Large Range

- Overview**
The FMCG index has got within a large range and is currently at the lower end. The area around 36000 has been a major support all along. This is also where the 200-EMA stands. 36000-39000 is the area of activity. We see a high probability of a gradual move back to 39k levels led by ITC. This is a good buying opportunity.
- Outperformance Sets In**
From being a massive underperformer for many months, the sector has now started to outperform. The ranged action in the recent past vouches for the same. The medium-term charts are in good shape. One should be selectively overweight on the sector.
- Conclusion**
With the index in a range with a positive bias we don't have too many explosive set-ups. ITC is still the best bet that is positioned for 300+. This is followed by Godrej Con. and United Spirits.

Outperforming Stocks - Top Picks

- ITC (Res : 281, 300, 310)
- Godrej Con. (Res : 801, 840)
- United Spirits (Res : 781, 830, 882)

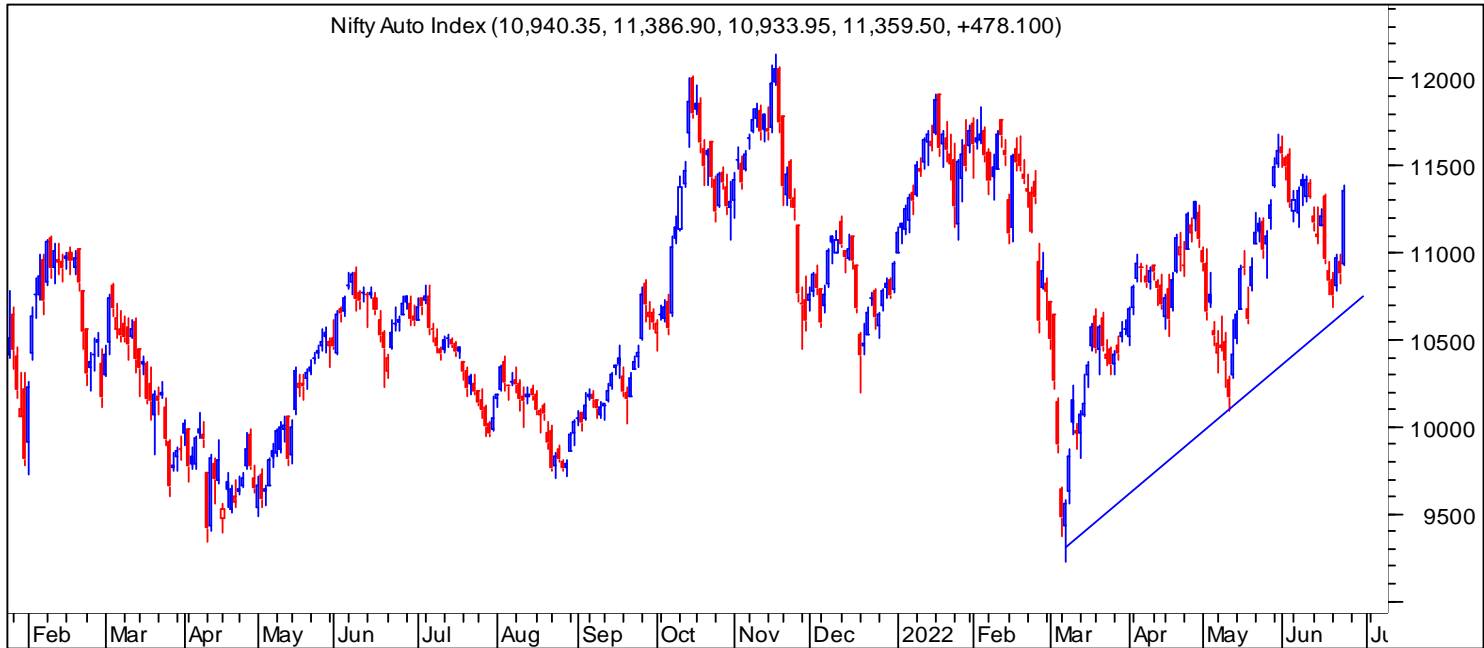
Underperforming Stocks

- Britannia (Sup : 3300, 3200)



NSE AUTO INDEX

Exhibit 8



Source: Goldilocks Premium Research

Standing Out

- Overview**
This is one of the few sectors in the market to have stood out while everything else was falling apart. It has shown remarkable relative strength. Strong support is seen at 10600. Till this number is safe we stay positioned for a rally towards 12000, which has been a long-term resistance. Staying overweight is advisable.
- All About Relative Strength**
With just about everything coming under the hammer recently an index that turns sideways is an outperformer. It continues to do all the right things. The 200-EMA has been respected. The ratio chart vs the Nifty is the biggest positive that calls for new highs.
- Conclusion**
Most of the top stocks have an excellent and similar set-up. We see M&M and Maruti as the top performers. Both should see new highs. This is followed by Eicher Motors and Bajaj Auto.

Outperforming Stocks - Top Picks

M&M (Res : 1056, 1130, 1200)

Maruti (Res : 8750, 9050)

Eicher Motors (Res : 2860, 3010)

Underperforming Stocks

Bharat Forge (Sup : 664, 692, 726)



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