

## Technical Strategy:

**Nifty@20700 by Diwali: *Buy the dips, Ride with conviction...***

**August 2023**

### Research Analysts

**Dharmesh Shah**  
dharmesh.shah@icicisecurities.com

**Nitin Kunte**  
nitin.kunte@icicisecurities.com

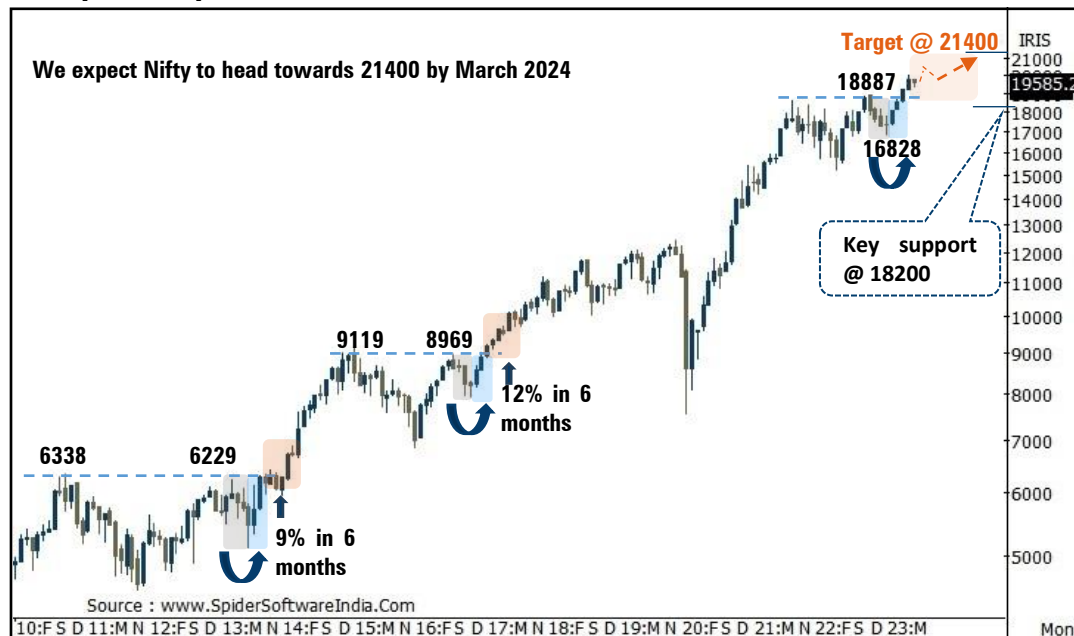
**Ninad Tamhanekar, CMT**  
ninad.tamhanekar@icicisecurities.com

**Vinayak Parmar**  
vinayak.parmar@icicisecurities.com

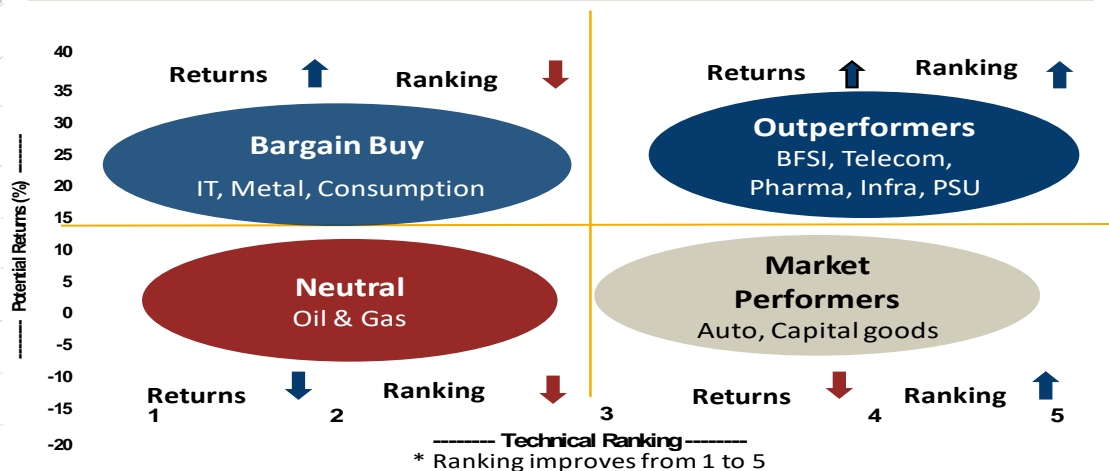
## Technical Outlook..

- Nifty is undergoing a healthy consolidation after sharp rally of 19% from March lows
- Our model suggest that Nifty is following CY14,CY17 playbook, wherein post large consolidation breakouts, intermediate corrections to the tune of 5-7% always presented buying opportunity to ride structural bull run with key support at 18600. We reiterate Nifty target of 21400 by March 2024 with intermediate target of 20700 by Diwali 2023.
- We expect broad-based rally to be led by BFSI, IT and Telecom while Metal, Infra, Power and PSU Banks are expected to generate alpha
- Midcaps outperformance in early cycle:** Ratio of Nifty Midcap100/Nifty500 is at cusp of breakout, signalling outperformance over next few years
- Market breadth:** Ratio of new 52week highs/52week lows has given a breakout above 30 indicating 10% rally in Nifty500 over coming 6 months
- Dollar Index is in a weak trend and charts suggest further breakdown which would act as tailwind for flows to EM including India

## Nifty Monthly Chart



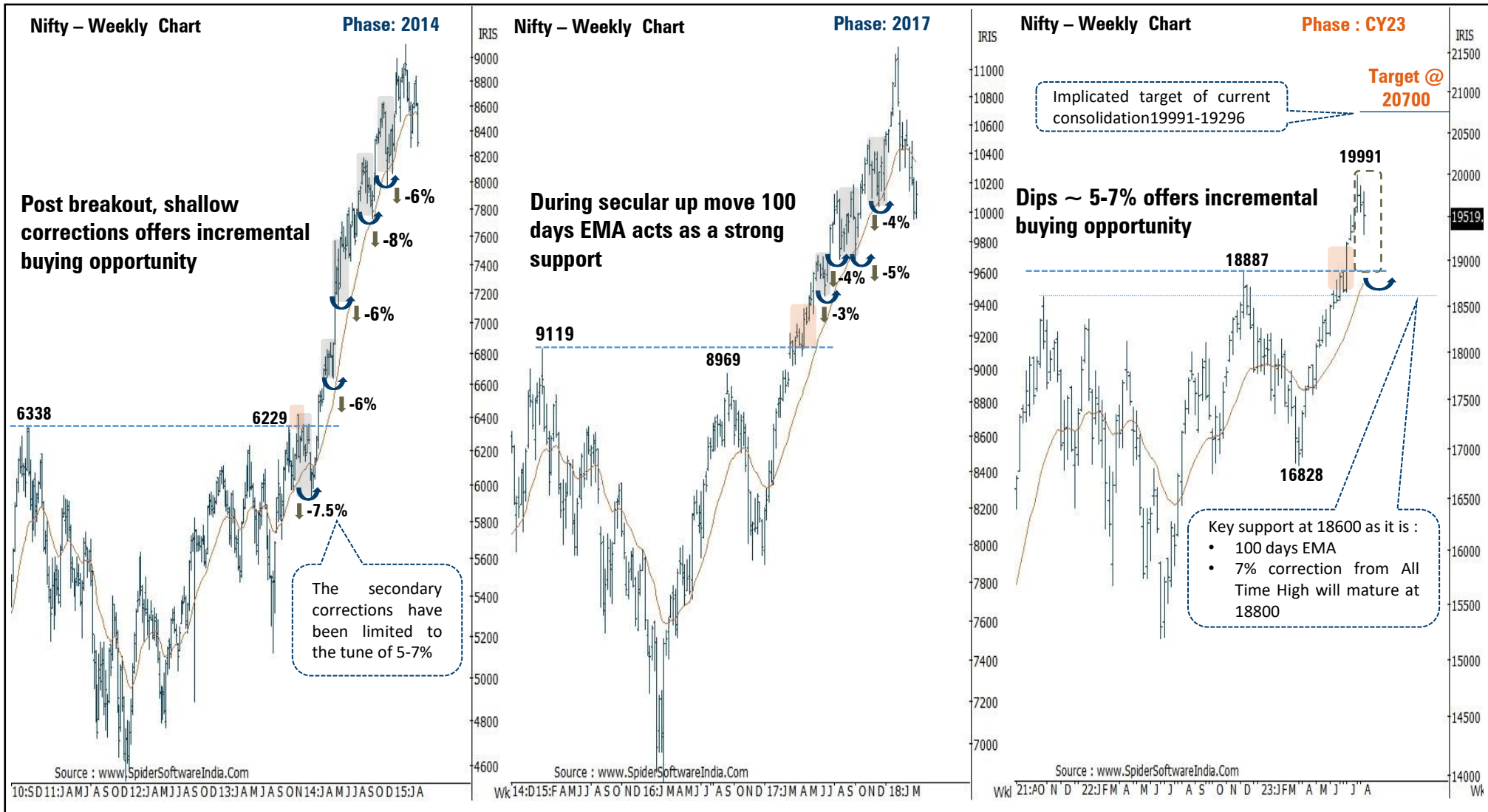
## Relative rotation graph projection



Sectors	Top Picks
BFSI	HDFC Bank,SBI,Indusind bank, Federal Bank, Indian Bank, L&T Finance ,LIC HSG
PSU	HAL, NTPC, Engineers India, Hindustan Copper, PFC, IRCON, BEML
Capital goods	L&T, Siemens, SKF, BEL, KSB, Thermax, KEC, Bharat Wire ropes, AIA Engineering, RHIM
Auto	Tata Motors, Eicher Motors, Escorts, Exide, G abriel, SSWL, Balkrishna Ind, CIE India
Telecom & IT	Reliance Industries, TCS, LTIM, Birlasoft,Coforge,Persistent, Sonata Software
Consumption & Retail	Marico, Titan, United Spirits, Vguard, Havells, Kajaria Ceramics, Dixon, TTK Prestige
Pharma & Chemicals	Sun Pharma, Dr Reddy, Div's Labs, Ajanta Pharma, Caplin point, Syngene, PI Industries, Deepak Nitrite
Real Estate, Infra and Metals	DLF, Brigade Enterprise, Ambuja Cement, Sagar Cement, Tata Steel, Hindalco, Graphite India.
Others	Trent, BDL, Tejas Networks, Lemontree, HO EC,Union Bank, KKCL, Praj Inds, Tata power, Finolex pipes, PCBL

Source: Spider Software, ICICI Direct Research

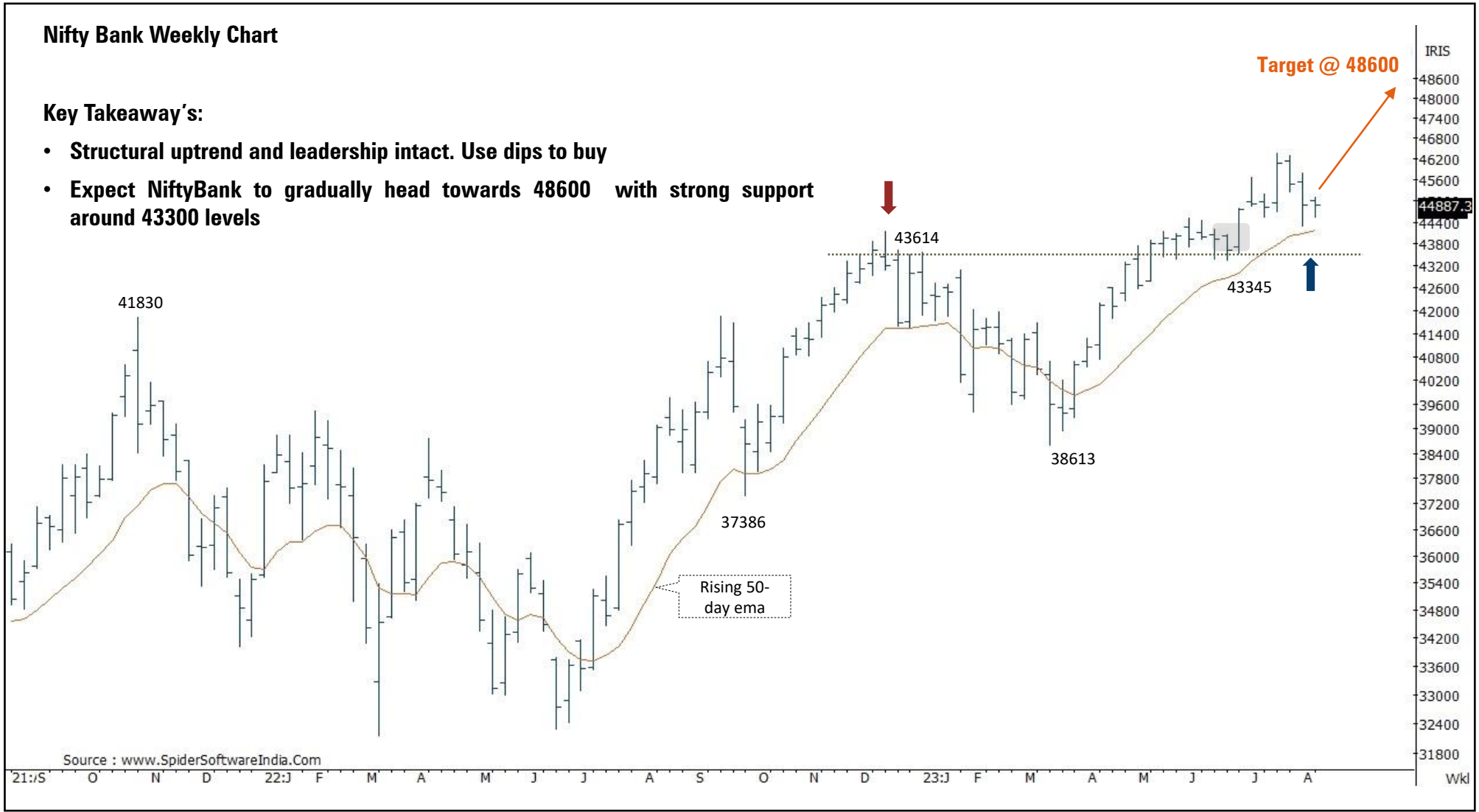
# Nifty eying 20700 by Diwali...



### Nifty Bank Weekly Chart

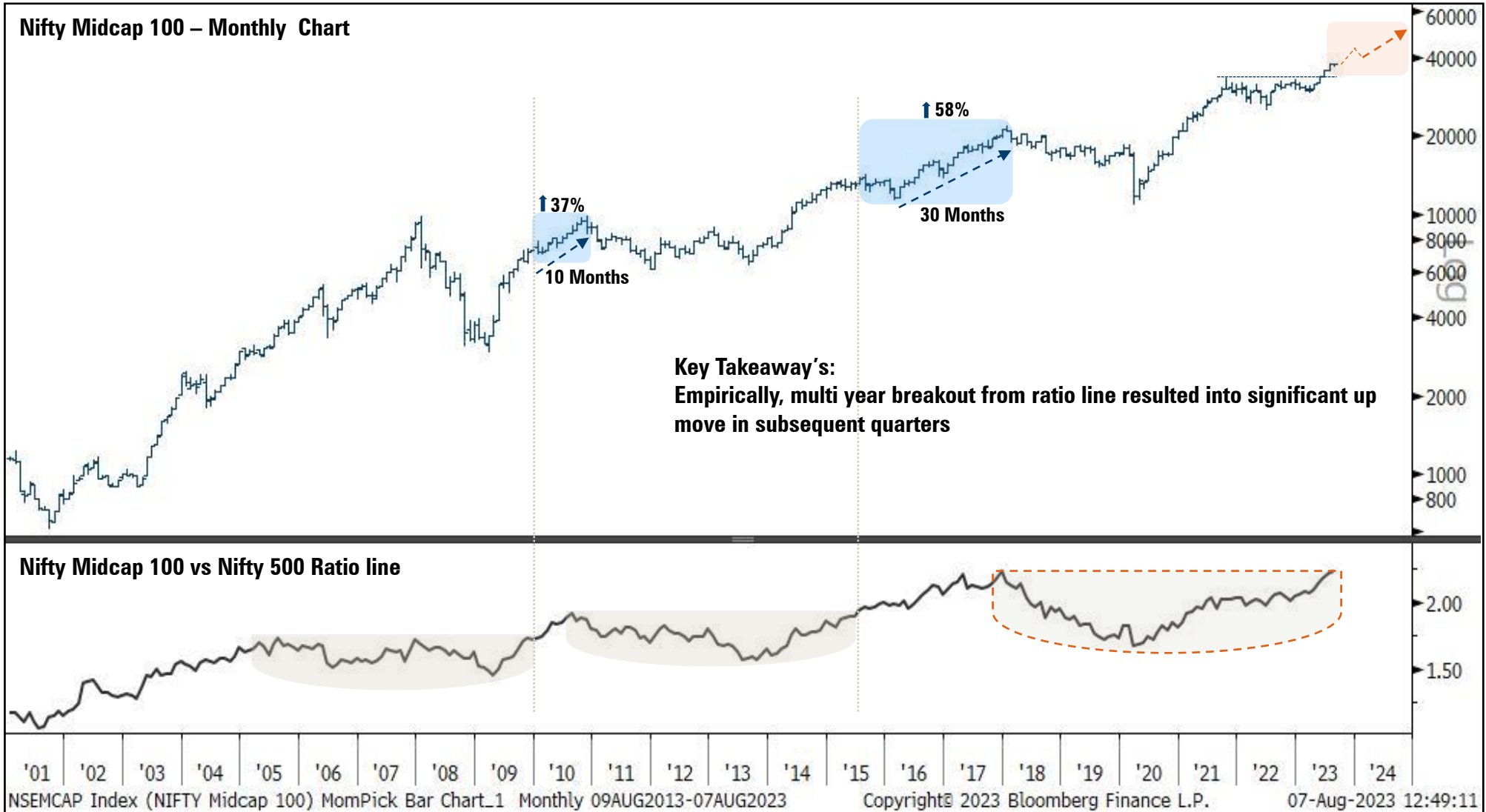
#### Key Takeaway's:

- **Structural uptrend and leadership intact. Use dips to buy**
- **Expect NiftyBank to gradually head towards 48600 with strong support around 43300 levels**



Source : www.SpiderSoftwareIndia.Com

# Midcaps: Ready to gear up relative outperformance...



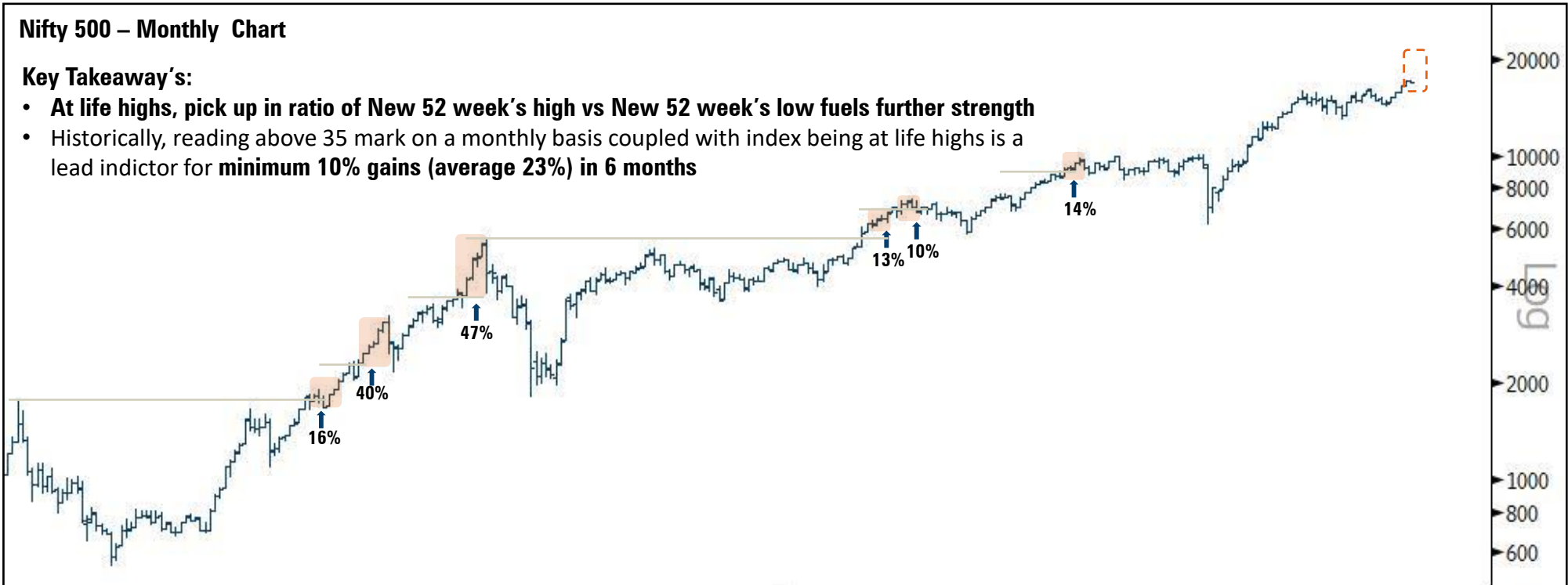
NSEMCAP Index (NIFTY Midcap 100) MomPick Bar Chart\_1 Monthly 09AUG2013-07AUG2023 Copyright© 2023 Bloomberg Finance L.P. 07-Aug-2023 12:49:11

# Sturdy market breadth at life highs infuses additional strength...

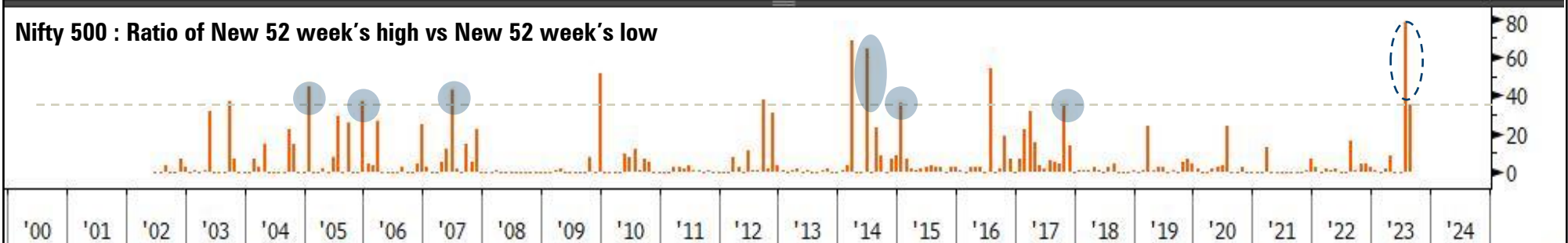
## Nifty 500 – Monthly Chart

### Key Takeaway's:

- **At life highs, pick up in ratio of New 52 week's high vs New 52 week's low fuels further strength**
- Historically, reading above 35 mark on a monthly basis coupled with index being at life highs is a lead indicator for **minimum 10% gains (average 23%) in 6 months**



## Nifty 500 : Ratio of New 52 week's high vs New 52 week's low



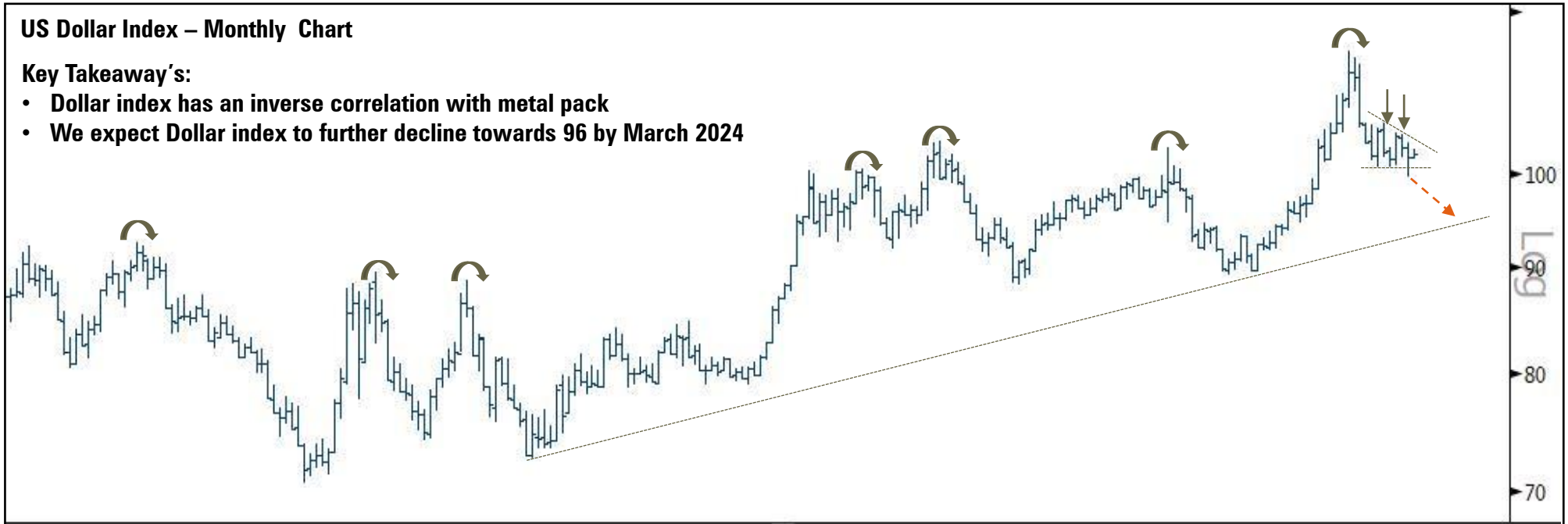
NSE500 Index (NSE Nifty 500 Index) MomPick Bar Chart\_1 Monthly 09AUG2013-07AUG2023 Copyright© 2023 Bloomberg Finance L.P. 07-Aug-2023 12:58:45

# Deceleration in Dollar Index to provide impetus for metals...

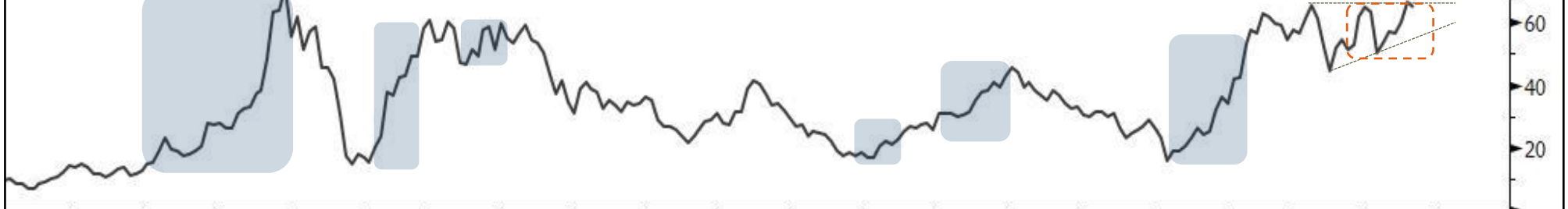
## US Dollar Index – Monthly Chart

### Key Takeaway's:

- Dollar index has an inverse correlation with metal pack
- We expect Dollar index to further decline towards 96 by March 2024



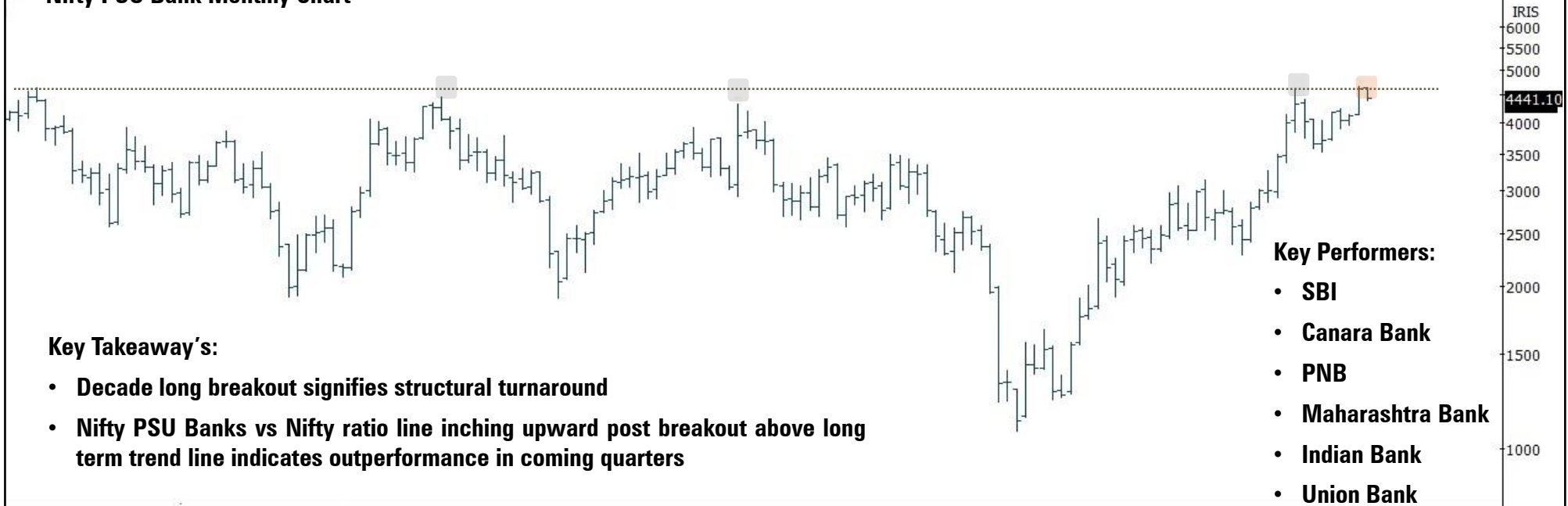
## Nifty Metal vs US Dollar Index



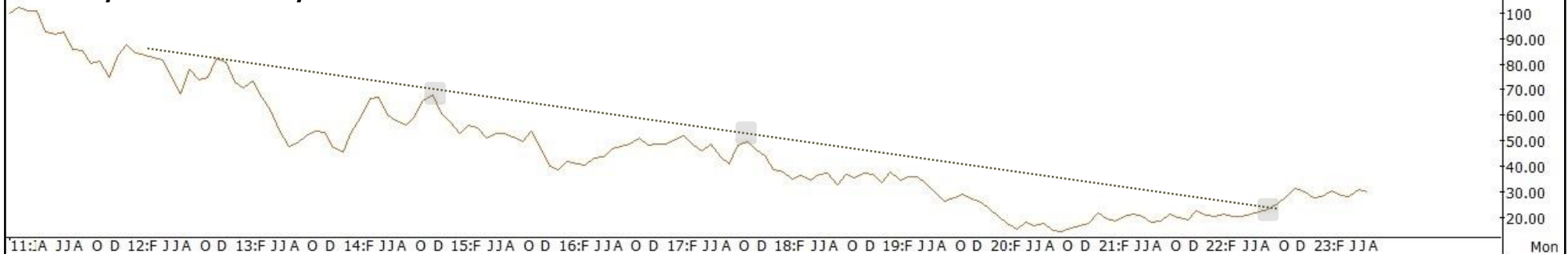
2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024  
DXY Curncy (DOLLAR INDEX SPOT) MomPick Bar Chart\_1 Monthly 09AUG2013-07AUG2023 Copyright© 2023 Bloomberg Finance L.P. 07-Aug-2023 13:05:59

# PSU Bank: Decade long breakout in the offing

## Nifty PSU Bank Monthly Chart



## Nifty PSU Bank vs Nifty

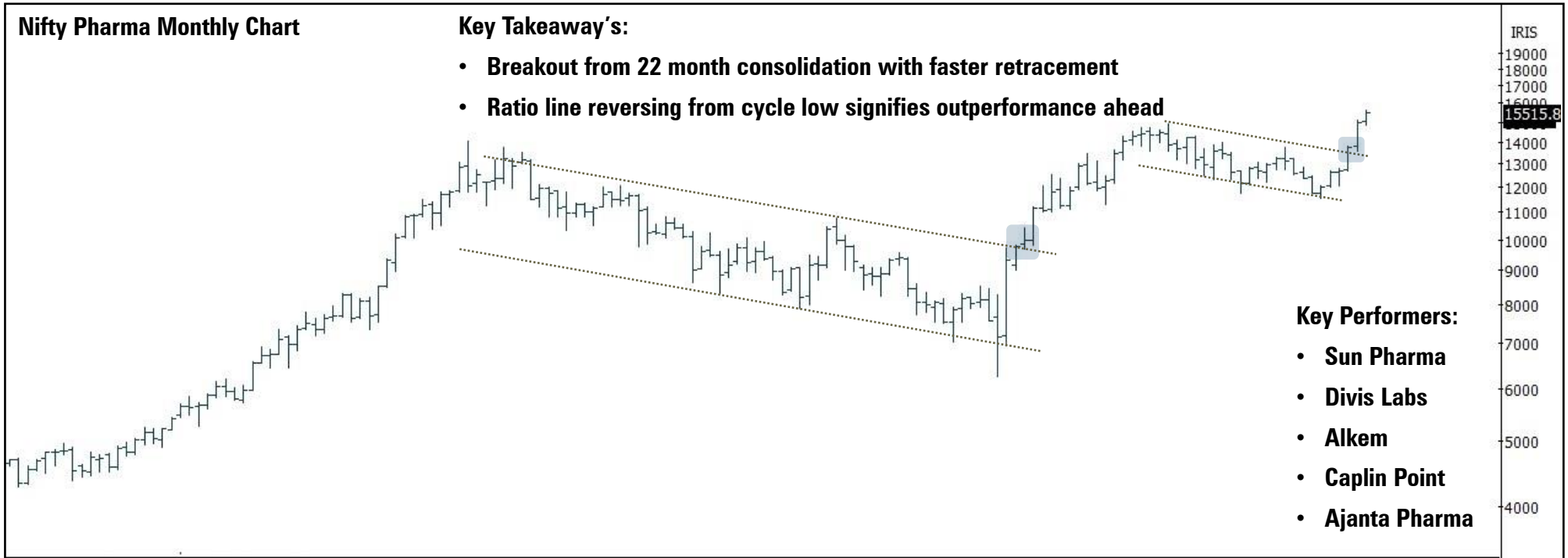




**Nifty Pharma Monthly Chart**

**Key Takeaway's:**

- Breakout from 22 month consolidation with faster retracement
- Ratio line reversing from cycle low signifies outperformance ahead

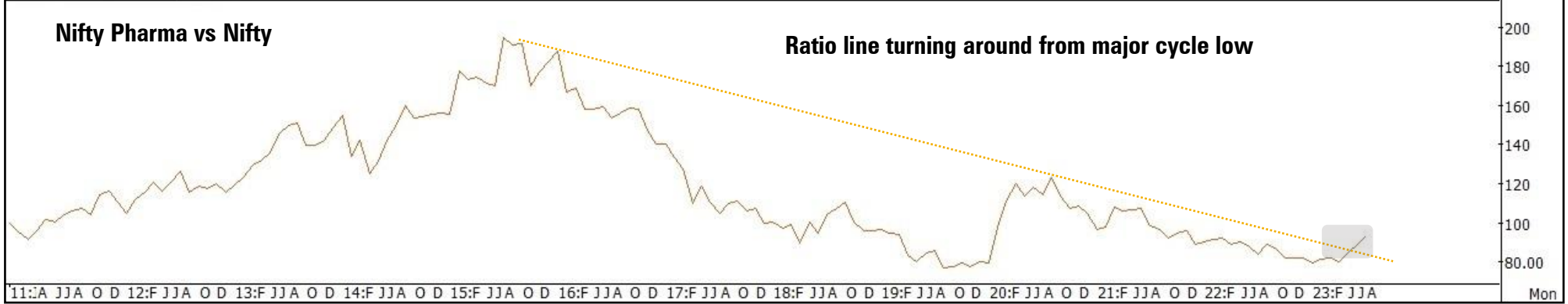


**Key Performers:**

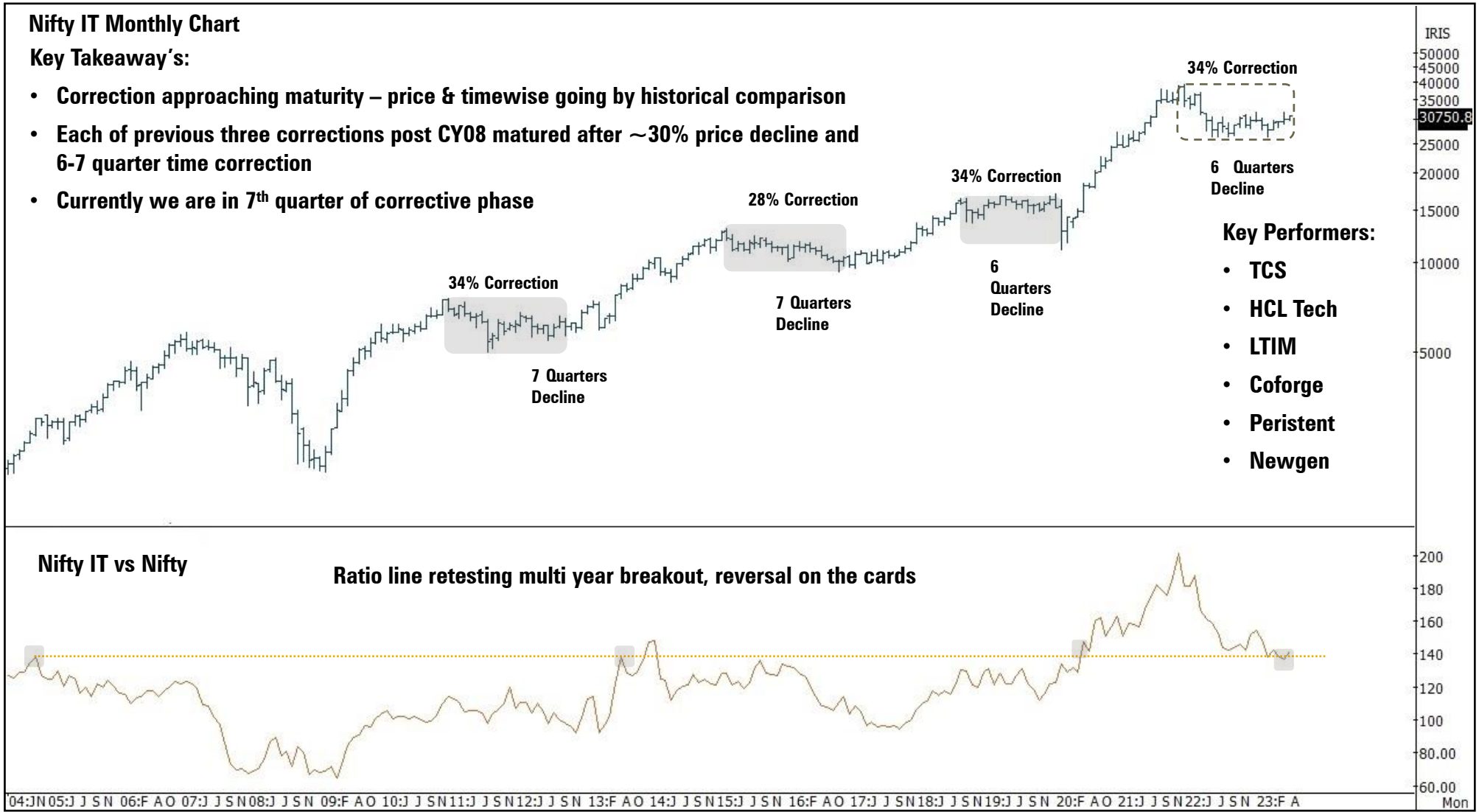
- Sun Pharma
- Divis Labs
- Alkem
- Caplin Point
- Ajanta Pharma

**Nifty Pharma vs Nifty**

**Ratio line turning around from major cycle low**



Source: Spider Software, ICICI Direct Research

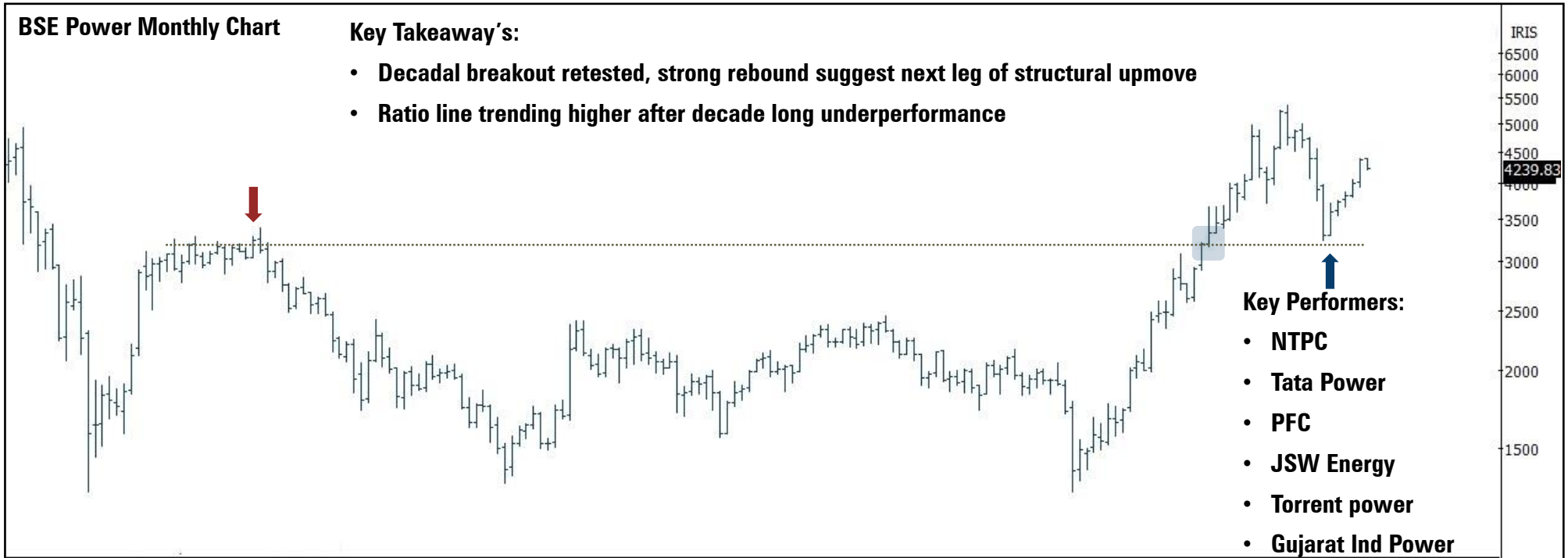


Source: Spider Software, ICICI Direct Research

**BSE Power Monthly Chart**

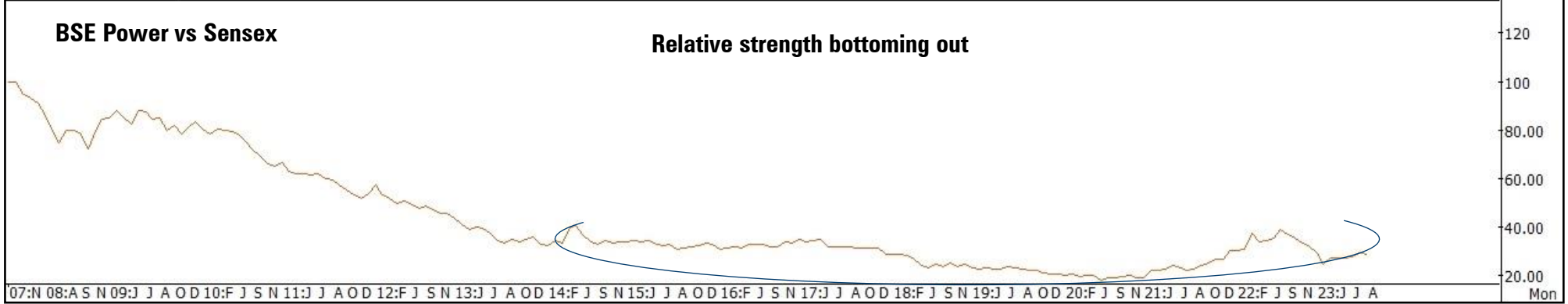
**Key Takeaway's:**

- Decadal breakout retested, strong rebound suggest next leg of structural upmove
- Ratio line trending higher after decade long underperformance



**BSE Power vs Sensex**

**Relative strength bottoming out**



Source: Spider Software, ICICI Direct Research

# Forthcoming Economic Event Calendar

Date	Event	Date	Event
<b>US</b>		<b>China</b>	
10-Aug	CPI MoM	15-Aug	Industrial Production YTD YoY
15-Aug	Retail Sales Advance MoM	15-Aug	Retail Sales YTD YoY
16-Aug	MBA Mortgage Applications	15-Aug	FX Net Settlement - Clients CNY
16-Aug	FOMC Meeting Minutes	22-Aug	Swift Global Payments CNY
22-Aug	New Home Sales MoM	28-Aug	Industrial Profits YoY
30-Aug	MBA Mortgage Applications	30-Aug	Manufacturing PMI
30-Aug	GDP Annualized QoQ	30-Aug	Non-manufacturing PMI
30-Aug	PCE Deflator MoM	30-Aug	BoP Current Account Balance
<b>India</b>		<b>UK</b>	
10-Aug	RBI Cash Reserve Ratio/Repurchase rate	11-Aug	Monthly GDP (MoM)
11-Aug	IIP YoY	11-Aug	Industrial Production YoY
14-Aug	CPI/Wholesale Prices YoY	22-Aug	Bank of England Bank Rate
14-Aug	Exports/Imports YoY	23-Aug	Markit/CIPS UK Services PMI
31-Aug	Bloomberg Aug. India Economic Survey	23-Aug	Markit/CIPS UK Composite PMI
31-Aug	Fiscal Deficit INR Crore	29-Aug	Net Consumer Credit
31-Aug	Eight Infrastructure Industries	30-Aug	GDP YoY
31-Aug	GDP YoY	30-Aug	Gross Fixed Capital Formation QoQ



---

Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,  
ICICI Securities Limited,  
Third Floor, Brillanto House,  
Road No 13, MIDC,  
Andheri (East)  
Mumbai – 400 093  
research@icicidirect.com

We/I, Dharmesh Shah, Nitin Kunte, Ninad Tamhanekar, Vinayak Parmar, Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

**Terms & conditions and other disclosures:**

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal

Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Prabodh Avadhoot Email address: headservicequality@icicidirect.com Contact Number: 18601231122

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.