

**TECHNICAL VIEWS**

# Nifty could Move Towards 25,600

The technical trend indicates a continuation of the ongoing rally, but the high FII long-to-short ratio suggests a cautious outlook for the week. According to technical analysts, the 24,850-24,900 zone will act as crucial support, and Nifty could steadily move towards 25,600 level. However, if 24,850 is breached, profit booking up to 24,500 cannot be ruled out, analysts added. Infosys, L&T, TVS Motor, Bajaj Finance, Cipla, ICICI Bank, Glenmark, BPCL, TCS, Bajaj Auto, and Tata Motors have formed bullish patterns on charts, according to analysts.



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**Where is the Nifty headed this week?**

Nifty has formed a higher-top higher-bottom pattern on weekly chart. Over the past couple of weeks, sector rotation has helped the market sustain higher levels. Bank Nifty, although underperforming, is forming a strong base with 50,900 as a support being the 20- EMA zone. Above 51,600, we could witness outperformance from the bank index which could support the Nifty in the coming week. 24,850-24,900 zone will act as a crucial support and Nifty could steadily inch higher towards

25,600-25,700 levels. In case 24,850 is breached, profit booking up to 24,500 cannot be ruled out.

**What should Investors do?**

While IT, pharma and FMCG have supported the Nifty, we expect financial stocks to outperform now. While the short-term bias in Nifty is positive, we feel stock-specific action could continue in large-caps and quality mid-caps. Positive trade set-up is visible in select large-cap names such as Infosys, L&T, TVS Motor, Bajaj Finance, Cipla, Eicher Motors, Gail, HPCL, Tata Power, and ICICI Bank. Among the mid-caps, stocks like MCX and United Spirits could continue to see strong buying interest.

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**Where is the Nifty headed this week?**

On weekly chart, the index has formed a bullish candle. Nifty has also formed a higher high-low formation for the fourth consecutive week, indicating sustained buying. Nifty August rollover action also shows a long buildup, indicating positive bias. If Nifty crosses and sustains above 25,350, it could witness buying and lead the index towards 25,500-25,700. However, if the index breaks below 25,100, it could fall towards 25,000-24,800. The weekly RSI is above its

lines, indicating a positive bias.

**What should investors do?**

Stocks like Lupin, Glenmark, BPCL, Gail, Bajaj Finance, TCS, UPL, Chambal Fertiliser, Bajaj Auto, Tata Motors, and ICICI Bank are recommended on the buying side. Also, traders can initiate a moderately bullish strategy of Sept 5 expiry: Buy one lot of 25,300 Calls at ₹119 and simultaneously sell one lot of 25,500 Calls at ₹38 so that net outflow or maximum loss will be restricted to up to ₹2,025. On expiry, if Nifty closes above 25,381 the strategy will start making a profit. The maximum gains will, however, be restricted to ₹2,975.

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**Where is the Nifty headed this week?**

From a technical perspective, the trend appears strong based on recent price behaviour. However, a three-point negative divergence in daily RSI, coupled with a two-point negative divergence on the weekly scale and the FII long-to-short ratio in index futures hitting a ceiling of 70%, suggest that profit booking might be imminent. We recommend traders consider lightening their long positions in

the 25,300 - 25,500 range. Immediate support is at 24,900, and a breach of this level could trigger significant profit booking and further downside.

**What should investors do?**

Traders should monitor key support and resistance levels closely and adjust their strategies accordingly. On the stocks front, certain pockets might outperform from here. Names like Radico, MTAR Tech and Paytm seem to be preparing for fresh moves. Traders can accumulate these stocks on some dip for a conservative target in the coming weeks with strict stop loss.