

BE CAUTIOUS, STILL "A SELL ON RISE" MARKET

The month of May tested the patience and will of investors/traders as the Indian markets fell massively due to continuous FII selling and rising inflation concerns. The erstwhile strategy of "Buy the Dip" trapped many market participants as Nifty came down to make new low of 15450. Since, then we have witnessed a smart pullback in Nifty till 16800. Despite the recent pullback, we believe that this a "Sell on Rise" market with upside capped at 17100 in the Nifty. A double bottom structure has formed in the Nifty with strong resistances at 16850 and 16950. One should use any up move to lighten their positions as Nifty can show levels of 16000 again if 16450 is broken and sustained. RBI rate policy is a key factor which could impact the market sentiment in the coming week. We advise our clients to follow the "Sell on Rise" strategy till 17100 is not broken and sustained.

Watch out for Auto Ancillary Stocks in the coming weeks. We feel Honda Power India and Lumax Auto Tech can give good returns from current levels.

INDEX TRACKER

Sensex	55769
Nifty 50	16584
Nifty Bank	35275
India VIX	19.97
Market Trend	Mildly Bearish



NSE NIFTY BANK

The Bank Nifty was the main culprit that led the Indian indices downwards from the top. However, after cooling off from the levels of 38000, Bank Nifty seems to have got into a consolidation mode between 37400 and 34000. Even though some of the top names like Kotak and ICICI are showing strength, we would carefully watch the price action at the levels mentioned above before taking any position on the index. We could see some mild swings in Bank Nifty next week as the impact of RBI policy and US economic data on market mood can be crucial. The charts are indicating that sectoral leadership of the banks could return. We advise our clients to wait for positive triggers to develop before committing to this sector.



NIFTY METAL

The Nifty Metal index was in a bull run of its own since 2021. As all good things come to an end, the Metal rally also hit a roadblock last month and saw a deep correction from highs. Market participants forgot about the cyclical nature of metal stocks and got trapped. However, we believe after such a correction a bounce back of 10- 15% can be seen in the coming weeks and one should follow the strategy of "Sell on Rise" as structural top of the Nifty Metal Index has been made. Only and only if the Index breaches 4940 on a daily closing basis, would we convincingly give a short call



NSE IT INDEX

The IT index witnessed a freefall in the last month as US Tech stocks melted from their highs. However, this correction was due after the 2-year Bull run across IT stocks. The IT Index rebounded from the Fibonacci levels of 28600 and the follow up since then has been encouraging. If the index manages to close above its previous weeks high of 30500, we could see levels of 32700. We believe any dip in IT index should be used to commit in top quality stocks from a medium to long term view. We would be looking to add IT stocks even if there is a fall till 27200. We prefer HCL Tech, Wipro and Mphasis.



NSE FMCG

The FMCG sector is considered a safe haven during high inflationary periods. The index tends to outperform other sectors in highly volatile and uncertain environment. The index has formed an inverse head and shoulders formation and a daily close above recent highs could trigger a further up move. Keep an eye on quality FMCG stocks like HUL, Dabur, and ITC to benefit in challenging markets. A close below 36500 invalidates our view.



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