

Stockology: FMCG and IT sector could show a positive breakout

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Major panic sell-off or crisis is not indicated in the coming week.

Review:

After scaling above 25,000, markets gave a gap down big corrective move on Friday, July 26th. After four negative days, the market gave a single big candle which recovered losses of four days. The exact reverse happened in the current week. Four days of profit got wiped out on Friday by a single candle.

Market breadth was bad. Mid and Small cap segment witnessed significant amount of selling and profit booking from the big investors. Auto witnessed a sell off on Friday, and they were among the top losers. Metals and defence companies also witnessed sell off as valuation will catch-up when the euphoria is nearing the end. While banks which have not really participated in this bull market of last one year, except ICICI, SBI and Axis, remained stable and held the markets steady, interesting on Friday, large caps witnessed pressure. While breadth was negative, yet pressure was less in the mid and small cap space.

Technical

As mentioned above, the previous two weeks were practically a reverse image of trading and at a new high. Every day markets will throw surprises as it is in uncharted territory. Anxiety plays a huge role. Everyone is in search of a top and prays and tries their best to be the seller at top, and after selling, wishes markets should go down. Since December, markets have been deceptive to the most seasoned players.

In the technical levels, nothing has changed. The new high closing on daily charts, has given an early warning trigger and that point is 24640. Close below this will indicate more than 65 percent chances of the short-term stop of 24,050 and confirmation of 23,970 will get triggered before September 10 - ideally within 13 days it should. The weekly stop is at 22,370 and monthly stop is at 21,240. On the upside short term targets are 24,949, and 25,241. Both the targets look easily to achieve. The bullish euphoria is mounting day by day, and above that the target could easily get achieved.

As a technical analyst, we believe the risk reward ratio is turning against the bullish camp, and it is surely first sign of withdrawal from the markets. Choose your trades very carefully.

TimeMap

Sun is transiting in Nakshatra Ashlesha. As expected, movement in the natural resource and metals is picking up. Down or up is not important – volatility is the key. IT sector, PSU and Capital Goods, are coming positive. Auto & FMCG are negative, Pharma & Bank and Nifty 50:50 is the broad TimeMap

guideline for the upcoming week. While as previously mentioned, Time is still not showing big risk, it has started giving indications that slow wealth destruction has begun. Major panic sell-off or crisis is not indicated. Sun 60 Jupiter on 7th is a very positive aspect, and big movement in index stocks cannot be ruled out. The next day it is Venus 0 Mercury aspect. Thursday seems very important day of the week.

We are looking at Cement and Auto Ancillary selectively, and MNC-specialised capital goods sector companies to do extremely well.

From TimeMap perspective, many individual companies, especially the defence companies will see beginning of a major correction, while FMCG and IT might show a positive breakout.

August 05, 2024: Monday: S.1: Ashlesha: Good after 11

Gap down and recovery could be the best scenario. Will the markets recovery to close in positive? Our system is showing negative closing today, and it would be good for the markets. Buy Today Sell Tomorrow (BTST) is recommended, especially in capital goods sector. In case Stop gets triggered without delay – exit, and in case position is in favour, continue to ride the rally till EOD, or even continue as BTST. Ashlesha gives the best results on consolidation breakout momentum indicators.

Watch for the bulk deals – or major takeover deals. Buyer would be successful and mint money.

August 06, 2024: Tuesday: S.2: Magha: Bullish Day

We would see cement and construction companies attracting big ticket investments, especially the speciality engineering space.

Another sector which can see aggressive short covering and buying is Auto. Buy Today Sell Tomorrow (BTST) is indicated. Market sentiment would be very happy and many companies will declare good numbers.

August 07, 2024: Wednesday: S.3: Purva: Bullish day, Book Profits

Market sentiment would be very cautious. Positive global cues will make naïve traders very aggressive, and we believe before lunch, the markets would show lot of positivity and post-lunch selling pressure from the institutions would force day traders to withdraw early. Tithi has given some of the widest surprise moves, and it is more often positive. Nakshatra of the Moon is best for booking profits and selling short, wherever confirmation of a divergence signal is available can be used as Sell Today Buy Tomorrow (STBT).

August 08, 2024: Thursday: S.4: Uttara: Good to Sell

Tithi is deceptive. Manipulation signals or error trades will hurt many traders. Pattern failure is the best for participating today. It also means that one should show patience. Let the signal get triggered and allow it to fail on the 15-minutes chart and then participate. Big money can be made. Sell and Buy would give best results.

A company declaring bad result today, could get hammered, and fearlessly participate aggressively. Short sell position trade is recommended with 30-days view.

August 09, 2024: Friday: S.5: Hasta: Auspicious Day

Tithi 5 gives wide movement and also gives powerful reversal. V shape movement in the markets are the trait of the Tithi, but Nakshatra of the MOON Hasta works on slow and steady win the race is the principal. Wait patiently and don't rush into any trade. Best investment day of the week, and it can be a contrarian investment. If you want to build a position then you should hold it big time.

Reference

Article URL: <https://www.moneycontrol.com/news/business/markets/stockology-fmcg-and-it-sector-could-show-a-positive-breakout-12786242.html>