

## Bulls are back! Nifty50 heading for 9,300 by February 2017

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Of late [Nifty50](#) has witnessed multiple breakouts that marked the end of vicious correction which started way back in March 2015 after hitting life-time highs of 9,119.

This correction lasted for 11 months with a deep cut of 25 per cent after registering a low of 6,825. Generally, a correction below 20 per cent is defined as a beginning of bear [market](#) but for emerging markets like [India](#), this rule is not applicable as asset prices in developing economies tend to be more volatile in nature when compared to financial asset prices of developed economies.

If we look into the history of Indian stock price behaviour then it will be revealed that Indian indices corrected around 30 per cent on the majority of occasions inside bull markets and interestingly time wise this correction never lasted more than 2 quarters inside a bull market.

The only exception to this time wise observation is that in 1982 indices moved in a very narrow range for 9 quarters with a maximum cut of 19 per cent in this consolidation range before witnessing a decisive breakout and resuming its bull market.

However, post bear market lows of 2008 Indian markets witnessed 2 major corrections with a price cut of around 25% which time wise consumed 4 quarters in 2010 and 2015 respectively.

If we are in a long-term bull market from the bear market lows of 2008 (or even from 2013) then this behaviour is quite different to the time-wise observation we have witnessed in the past as corrections inside a bull market lasted only 2 quarters before resuming their uptrend.



However, this time wise deviation for Indian markets can be considered as 'new normal' a phrase which is widely used post-Lehman Crisis even to describe volatility of different asset prices.

Recent multiple breakouts with faster retracement of its non-directional move are clearly suggesting that bulls are back and market resumed its long-term uptrend.

Our long term wave counts are clearly suggesting that the correction from March 2015 is the fourth wave inside wave 3 of a long term bull market and it clearly appears that wave 5 inside wave three of a larger degree is in progress which shall ideally end above the recent highs which has an initial target of 9,297.

Time wise our observations based on long-term price cycles are clearly suggesting new lifetime highs shall occur by the first quarter of 2017.

Even conventional technicals are pointing towards new lifetime highs as Nifty50, last week, registered a breakout above its Inverse Head & Shoulders with a target placed around 9150.

Whereas a breakout on weekly down sloping channel, as shown on the chart is projecting an initial target of 8750. By all parameters, these breakouts are agreeing only for new lifetime highs and hence we strongly recommend buying every dip going forward.

*(The author is Chief Strategist - Technical Research & Trading Advisory, Chartviewindia.in. Views and recommendations expressed in this section are the analysts' own and do not represent those of EconomicTimes.com.)*

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