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Chart pattern suggests that Nifty on track to hit 11,500 by December 2018

As long as Nifty50 sustains above 10,900 levels one should remain optimistic and look for bigger targets beyond 11,171 by the end of this year may be close to 11,500 levels, Mazhar Mohammad, Chief Strategist – Technical Research & Trading Advisory, Chartviewindia.in, said in an interview with Moneycontrol. Edited excerpts:

Q) A historic week for India equity markets. The Sensex rose to fresh record highs while the Nifty closed above 11,000 and waits for a fresh record high. Do you think the index will be able to hit fresh record highs in July series?

A) Lifetime highs for Nifty are hardly 2 percent away from current levels and to complete the July series we still have 9 trading sessions left.

As the S&P BSE Sensex already made new lifetime highs, Nifty ideally should not lag behind for such a long time. Technically speaking, chart patterns are very positive as this breakout is coming after 8 weeks of consolidation apart from 6 months of a corrective phase.

Hence, as of now, there is no valid reason to conclude that this breakout will fail. As long as Nifty50 sustains above 10,900 levels one should remain optimistic and look for bigger targets beyond 11,171 by the end of this year may be close to 11,500 levels.

Q) How is index trend looking on the weekly and daily charts? Crucial levels to track this coming week.

A) Last 2 days price action is suggesting that we are on a pause mode after the recent breakout. On the daily charts, weakness can be seen only on a close below 10,976 levels.

However, breakout shall be deemed to fail only on a close below 10,860 and then the trend may once again favour bears. Whereas, the weekly charts are strong with a clean breakout as suggested by a strong bull candle. It is looking like a consolidation breakout which shall resume the rally after a brief pause.

Q) All the major indices are staring at record highs whereas mid and small caps continue to bleed. When can we expect stability in them?

A) The Nifty500 index which is somewhat a broader gauge of the market may throw some light on this as it also registered a downward sloping trendline breakout with a gap-up along with Nifty50 couple of days back.

The index failed to get past its interim top of 9,531 which is equivalent of 10,930 on the Nifty50 index. As long as this index trades below 9,531 levels mid and small caps may continue to remain under pressure. But, once this index registers a breakout then mid and small caps may also stabilise and slowly start participating in the rally.

Q) What is the outlook for INR?

A) Since 2013 Indian Rupee made an attempt to breach 69 level at least on 4 occasions but failed to do so. Earlier in February 2016, it went up to 68.89 and now in June, it bettered its dubious record by registering a new lifetime low of 69.09.

Hence, 69 seems to be a strong floor for INR which it should not breach. Besides, our wave counts are also pointing towards the end of one price cycle and if our observations are right then it should hit a target of 66.83 over a period of time. Contrary to this if 69 is breached then it should tumble down close to 71.50

Q) Top 3-5 positional call which could give handsome returns to investors in next 1 month?

A) Here is a list of top 3 stocks which could give 4-7% return:

[Britannia Industries](#) Ltd: Buy| LTP: Rs 6,472| Target: Rs 6750| Stop Loss: Rs 6300| Return 4%

This counter appears to have registered a breakout above its 2-month old ascending channel with new lifetime highs. Interestingly, this breakout also occurred after a brief consolidation of 6 days around its lifetime highs.

Hence, positional traders should go long in this counter for a target of Rs 6,750 with a stop loss of Rs 6,300

[Mindtree](#) Ltd: Buy| LTP: Rs 1,065| Target: Rs 1,126| Stop Loss: Rs 1017| Return 5.7%

A couple of days back this counter registered a breakout from its downward sloping channel which was in progress since last February. Hence, the current weakness in this counter should be used as an opportunity to create fresh longs for an initial target of 1126. Stop suggested for the trade is 1017

[Indian Oil Corp](#): Buy| LTP: Rs 159.30| Target: Rs 170| Stop Loss: Rs 154| Return 7%

After the recent correction from the highs of Rs 177 this counter appears to have formed a strong base around Rs 150 where it is attracting huge buying interest as pointed out by long lower shadows on weekly charts.

Hence, sustaining above this level it can initially target Rs 170. A stop-loss suggested for the trade is a close below Rs 154.

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