

[Print This Page](#)

Short-term traders are advised to remain light in case Nifty hits 12K in September

Kshitij Anand **Moneycontrol News**

Short-term traders are advised to remain light on long positions at higher levels if we head towards 12000 as this month may remain volatile and choppy, Mazhar Mohammad, Chief Strategist – Technical Research & Trading Advisory, Chartviewindia.in, told Moneycontrol, said in an interview with Moneycontrol.

After a blockbuster August series where Nifty climbed 4.5% to touch levels above 11700 levels, how is the index looking on weekly and monthly charts?

In line with our projections given in these columns in the last two months, the move was pretty strong but we should not forget that such a move was seen after witnessing an extremely range bound activity in the months of May and June.

So, September may not be a stronger month and should ideally witness profit booking as the rally is stretched on the upside.

This is the 9th week from the lows of 10,556. This kind of vertical up move was not witnessed in the recent past atleast from June 2017 onwards as all the rallies perished after 6 – 8 weeks paving the way for multi-week correction.

However, by looking at larger trends we draw a lot of comforts as this rally has legs on the upside. In Elliot Wave parlance this leg of the move is clearly looking like a Wave 3.

It means that any correction in the form of Wave 4 is going to present an opportunity to create fresh long positions as one price cycle will end only after the completion of 5 legs.

It is difficult to project where exactly wave 3 is going to end. But, taking different parameters on short-term charts we can conclude that this leg of up move is nearing its end which should be followed by a multi-week correction.

So, the short-term traders are advised to remain cautiously optimistic as this rally is already 9 weeks old and appears to be having limited upsides.

On the upside, there is still room, and in case 11,760 is breached Nifty will head towards 12,000. But, the correction post this upmove from whatever point it unfolds is going to be sharp and is likely to last just a couple of weeks.

Do you see the momentum to continue in September as well? Also, based on the F&O data, it looks like 12000 looks in sight. Do you agree?

In the light of the above explanation, momentum may last for some more time but as the series progresses bigger correction can't be ruled out.

Short-term traders are advised to remain light on long positions at higher levels if we head towards 12000 as this month may remain volatile and choppy.

What is the outlook on Bank Nifty?

We suspect Bank Nifty has registered a short-term top on 10th of August itself around 28,300 levels as it is stuck up in a range of 28388 – 27740 levels since then.

Unless it registers a decisive breakout above 28390 levels sentiment in the broader markets may not be on a strong footing.

On such a breakout it can easily head towards a target of 29,000. Contrary to this a breakdown below this range shall result in the test of its 50-day Moving Average whose value is placed around 27,440 levels.

What are your views on rupee which touched a fresh low of Rs 71/USD? Should D-Street be worried?

The price action on Dalal Street is clearly suggesting that it is not much worried about the fall in rupee. Usually under normal conditions when US Dollar Index is falling rupee should have appreciated.

But, this time for the last 15 days Dollar Index is down from the highs of 96.86 (registered on 15th of August) to a recent low of 94.34 but it failed to trigger an upmove in rupee which is down from 69.50 to almost 71 in the last couple of days.

So this leg of fall in rupee is not driven by the appreciation of Dollar which will be the case usually. Hence, rupee may be falling on its own weight. If this weakness persists it can be a cause for concern sooner than later.

Technically speaking recent breakdown of rupee has a target placed around 72.15 which can be materialized if the dollar/pair pair settles above 71. Strength in rupee should not be expected unless dollar trades below 69.50 levels.

Top five 3-5 stock trading strategies for September series?

Here's a list of top three stocks which could give 4-5% return in September series:

[Tata Elxsi](#): Buy| LTP: Rs 1435| Target: Rs 1490| Stop Loss: Rs 1390| Return 4%

After the recent correction from the lifetime highs of Rs 1490, this counter appears to have hit a bottom around Rs 1390 levels and resumed its upmove.

In case this correction culminates after 23 sessions of corrective and consolidation phase then ideally this counter shall register a new high beyond Rs 1490 levels.

Hence, positional traders should buy into this counter for an initial target of 1490 levels with a stop below 1390 on a closing basis.

There can be a minor hiccup around 1462 which should eventually be conquered in case of a fresh leg of the upswing is in progress.

[Hero MotoCorp](#): Buy| LTP: 3253| Target: Rs 3418| Stop Loss: Rs 3180| Return 5%

This counter appears to have posted a short-term bottom around Rs 3190 levels after retracing 50 percent of its last leg of the upswing from the lows of Rs 3033 – 3350 levels.

Hence, positional traders can make use of this opportunity to go long for an initial target of Rs 3350 levels with a stop of Rs 3180. But, once Rs 3350 is conquered a bigger target towards Rs 3418 can't be ruled out.

[Bajaj Auto](#): Buy| LTP: Rs 2746| Target: Rs 2900| Stop Loss: Rs 2690| Return 5.6%

After a sharp fall from Rs 3150 levels, this counter appears to be consolidating in the range of Rs 2600 – 2770 levels for the last couple of weeks and looks ripe for a breakout.

In such a scenario the range target itself can be Rs 2930 kind of levels. Hence, one should make use of this consolidation phase to go long for a target of Rs 2900 levels with a stop below Rs 2690 on a closing basis.

(Disclaimer: The views and investment tips expressed by investment experts on Moneycontrol are his own, and not that of the website or its management. Moneycontrol advises users to check with certified experts before taking any investment decisions)