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Market considers PM Modi as 'Virat Kohli of politics'; stay put despite volatility

*A section of market participants considers Mr Modi as Virat Kohli of politics who can deliver for the economy in a better fashion than others. **Mazhar Mohammad, Chief Strategist – Technical Research & Trading Advisory, Chartviewindia.in**, said in an interview with Moneycontrol's Kshitij Anand.*

Q) It looks like market started on a fairly muted note with the Nifty50 falling below its crucial long-term as well as short-term moving averages? Do you think it is time to go 'short' or wait for a breakdown below 10533-10500 levels?

A) At this juncture, the technical picture is looking somewhat mixed with both positive and negative signs. If you closely observe the data of the last two months then it seems that the market is roughly moving in a range of 10,950 on the upside and 10300 levels on the downside.

Last November was a good month which witnessed a strong up move from the lows of 10,341 – 10,923. Interestingly, December tested the lows of November but recouped all the intra month losses only to close near to its monthly high of 10,985.

This kind of range-bound price behaviour is only pointing towards a consolidation range thereby negating 'sell' signals which we are getting on the long-term charts that got generated in the month of last October.

Hence, there may not be a multi-week positional trading opportunity on the short side but short-term trade may remain on both sides.

Unless the market breaches 10,280 levels on the long-term charts there may not be a bigger cut below 10,000 kinds of levels.

Right now, it can be the indecisive nature rather nervousness of market participants ahead of the big political showdown which is creating this kind of trading large trading range.

Upsides look capped around 11,000 and once the said hurdle is conquered then we may see a slightly higher target of 11,400.

Recently, there was almost a consensus among analyst fraternity that market will go down towards 9,500 kinds of levels and seldom gets such consensus adhered to by the market.

Q) Do you think nervousness of market participants ahead of a political event like general elections is capping upsides? Can such worries be justified?

A) A section of market participants considers Mr Modi as Virat Kohli of politics who can deliver for the economy in a better fashion than others.

Hence, they fear that a coalition government without proper majority may derail reforms and hence stock market rally too. But, to some extent these fears may not be true as pointed out by historical data.

For instance, P Chidambaram's budget in 1997 under the coalition government headed by Deve Gowda won the accolades of the industry as Dream budget.

Similarly, best reforms were introduced by Dr Manmohan Singh under a minority government led by PV Narasimha Rao.

So these fears to some extent can't be justified as a non-BJP government need not necessarily lead to gloom and doom kind of situation for the markets.

Yet times coalition governments may help the country by discovering new leaders or hidden talent as seasoned bureaucrat like Dr Manmohan Singh was transformed into an able political leader and went on to become Prime Minister for 10 years.

Q) Where is market heading in January ahead of events like Vote on Account?

A) Technically speaking, the markets shall remain range bound between 11,000 – 10,500 in the month of January unless a breakout or breakdown is witnessed going forward.

Events like Vote On Account may not majorly influence market direction as it mainly accounts for expenditure side of government for the next couple of months before the election without scope for announcing big-ticket reforms as priorities differ from one government to other.

Q) What are charts of Bank Nifty suggesting?

A) Surprisingly, Bank Nifty has shown a greater amount of resilience as it managed to sustain above its medium to long-term critical moving averages.

In fact this strength may be partly responsible for keeping Nifty too in a larger range without breaking down.

This kind of strength can be expected to continue in this index as long as RBI keeps some sort of carrot dangling in front of

financials with all positive noises and we will not be surprised even if this index moves towards 28,000 kinds of levels before the political event. On the flip side, for time being, 26,000 looks like a worst in case of a normal correction.

Q) What is your call on the small & midcap? What does the trading behavior tell you?

A) Sense and sanity appear to be back in mid and small-cap space as their participation in recent times has improved on the back of positive chart formations.

They can remain market performers and selectively few can outperform going forward. Hence, long-term investment can be considered in quality names from this space as worst appears to be over.

Q) Top three trading strategies for the coming week with an investment horizon of 1 month?

A) [Vedanta](#): Buy| LTP: Rs 193| Target: Rs 203| Stop Loss: Rs 183| Upside 5%

After the recent fall, this counter made a bullish reversal formation as it registered a 'Piercing' pattern in the last session from around its critical support of Rs 190.

Hence, as long it trades above 187 kinds of levels, one should initiate long positions in this counter for a target of Rs 203 with a stop of Rs 185.

[Bharti Infrate](#): Buy| LTP: Rs 284| Target: Rs 320| Stop Loss: Rs 270| Return 12%

This counter appears to have registered a consolidation breakout after a prolonged fall from the highs of 481. Besides, it decisively closed above its 100-days moving average (DMA) which in the past, suppressed its pullback attempts suggesting the possibility of a sustained short-term rally.

Hence, traders can adopt a two-pronged strategy and buy now and on declines around 275 for a target of 320 and a stop below 270 on a closing basis.

[Bajaj Auto](#): Buy| LTP: Rs 2,734| Target: Rs 2,830| Stop Loss: Rs 2,690| Return 3%

Price patterns of Bajaj Auto are quite interesting as this counter has not participated in the recent fall and appears to have made a decent base around Rs 2700 levels.

On the pullback attempts from the said base, it can easily head towards Rs 2,830 kind of levels. Positional traders should buy into this counter for a target of 2,830 with a stop below 2690 on a closing basis.

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