Angel One

BUDGET SPECIAL

Technical Report

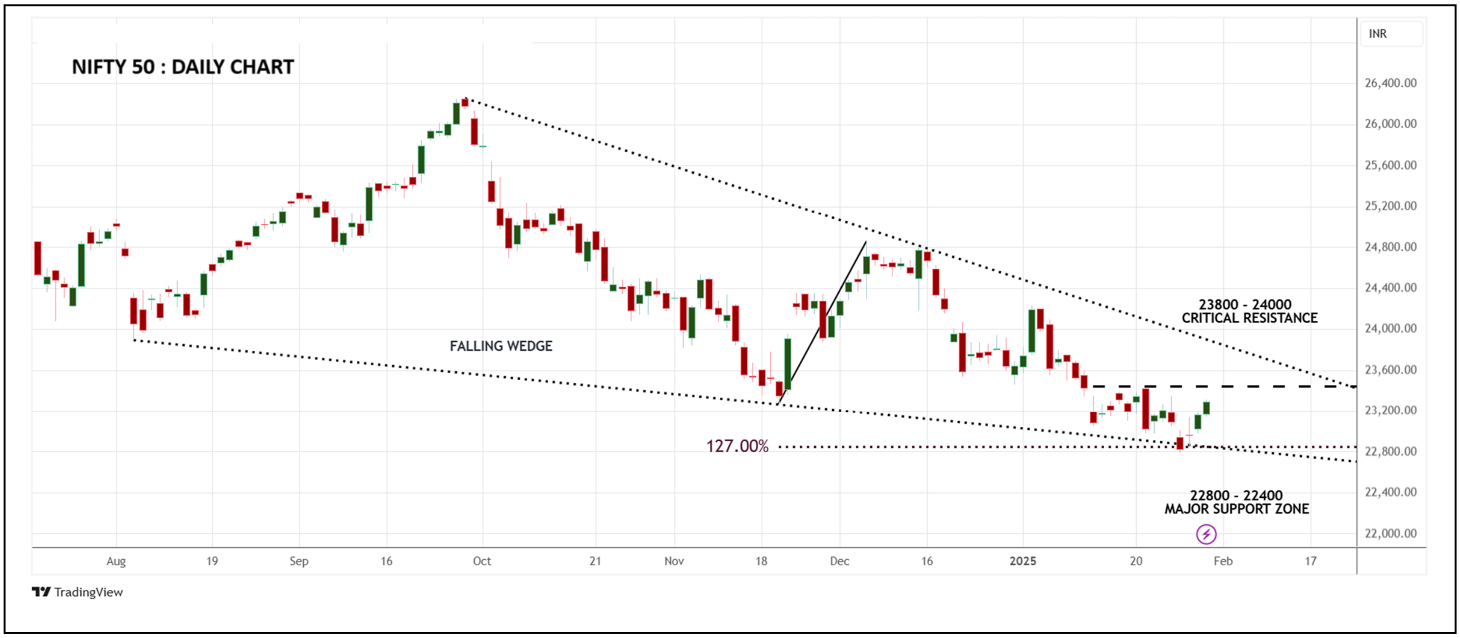
2025

MARKET OUTLOOK

STOCK RECOMMENDATIONS

NIFTY 50 (CMP: 23163.1)

Daily Chart



Source: Trading View

Outlook:

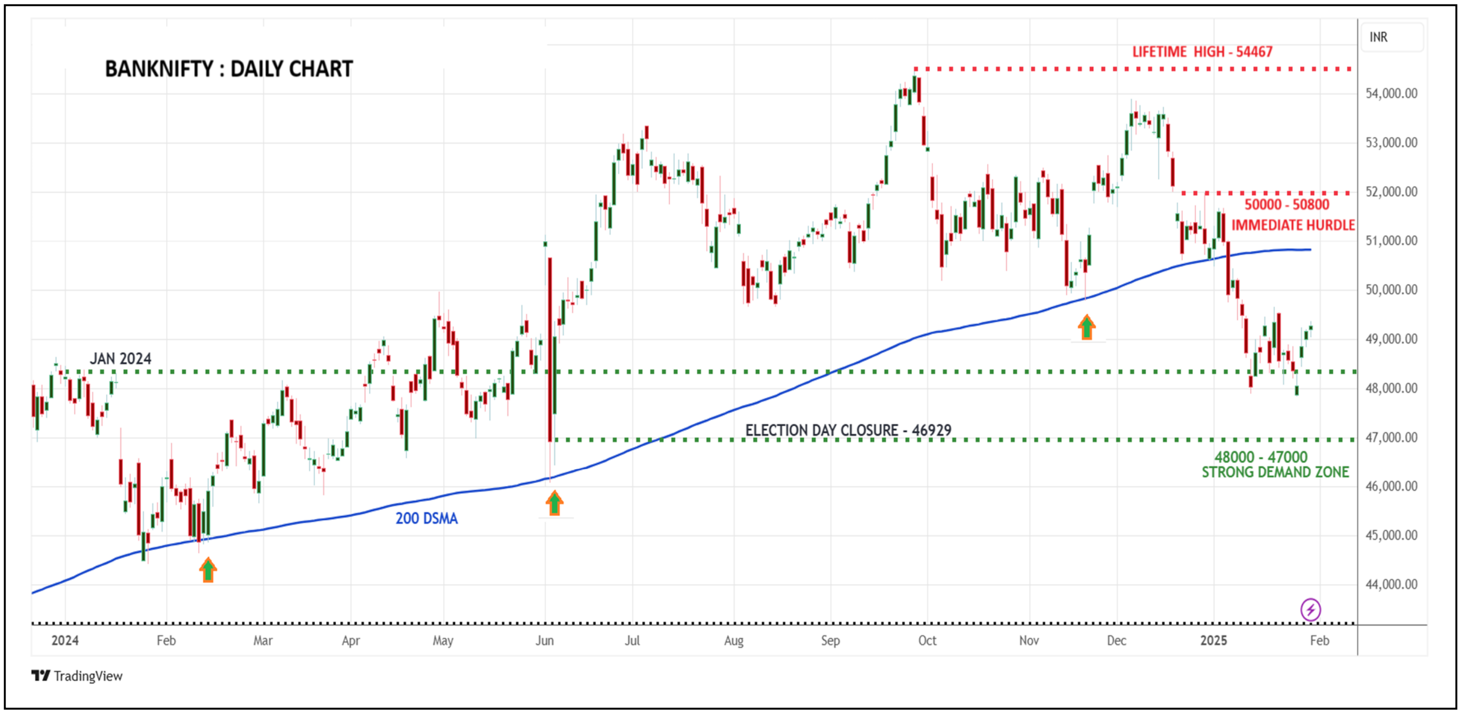
The Indian equity markets have consistently outperformed other asset classes, with the benchmark index showcasing an impressive streak of positive growth for nine consecutive years. In 2024, the index recorded a commendable increase of nearly 9 percent, underscoring its resilience and the sustained momentum achieved over this impressive period. However, the last quarter of the year brought significant challenges, as various factors contributed to a substantial decline of approximately 12 percent from its peak of **26277**. This downturn was particularly concerning, as it occurred during a time marked by elevated valuations and sluggish corporate growth, both of which were exacerbated by a broader economic slowdown. The final months of the year proved to be especially tough for investors, as they navigated uncertainties and shifts in market sentiment that raised questions about the sustainability of previous gains.

As we draw closer to the highly anticipated Union Budget 2025, its importance in forecasting the nation's economic outlook and outlining a roadmap for future growth cannot be overstated. This pivotal event serves as a barometer for the country's financial health and development direction. On Budget Day, all eyes will be focused on the government's projections and analysis, which are expected to provide valuable insights into domestic growth trends. Historically, the budget significantly influences the performance of equity markets, and expectations are high that this year will be no exception. Stakeholders are eager to see how the proposed measures will affect investor confidence and market dynamics moving forward.

From a technical perspective, the benchmark index has experienced a steep correction over the last couple of trading months, falling below its 20 EMA and 200 SMA on the daily charts. This recent decline has certainly dampened market sentiment, and the formation of lower lows and lower highs has triggered significant concerns for the near term. Furthermore, the index has formed a 'Falling Wedge' pattern on the daily chart and is currently hovering near the lower descending trendline of this wedge. While the market outlook has been bearish for the past 2-3 trading months, the current oversold conditions and the testing of crucial support levels suggest a shift from a strictly bearish stance to a cautious approach in the short term. On a broader time frame, such corrections have historically presented opportunities to accumulate fundamentally sound stocks for medium to long-term investment. On level specific front, since we are about to enter a crucial and major support zone of **22800 - 22400**, from hereon, it would be very difficult to anticipate what the Union Budget has to offer and other global developments, but unless there is any major disappointment from the budget or any other global aberration, markets are likely to see some respite in the mentioned support zone any time soon. On the flip side, the 200 DSMA placed around **23800-24000** mark embarks a critical hurdle, coinciding with the higher band of the 'Falling Wedge' and a decisive breakthrough could only reverse the trend to Bullish stance and eventually can eye for the **25000** mark, followed by the lifetime highs in the higher spectrum timeframe.

BANKNIFTY (CMP: 49165.95)

Daily Chart



Source: Trading View

Outlook:

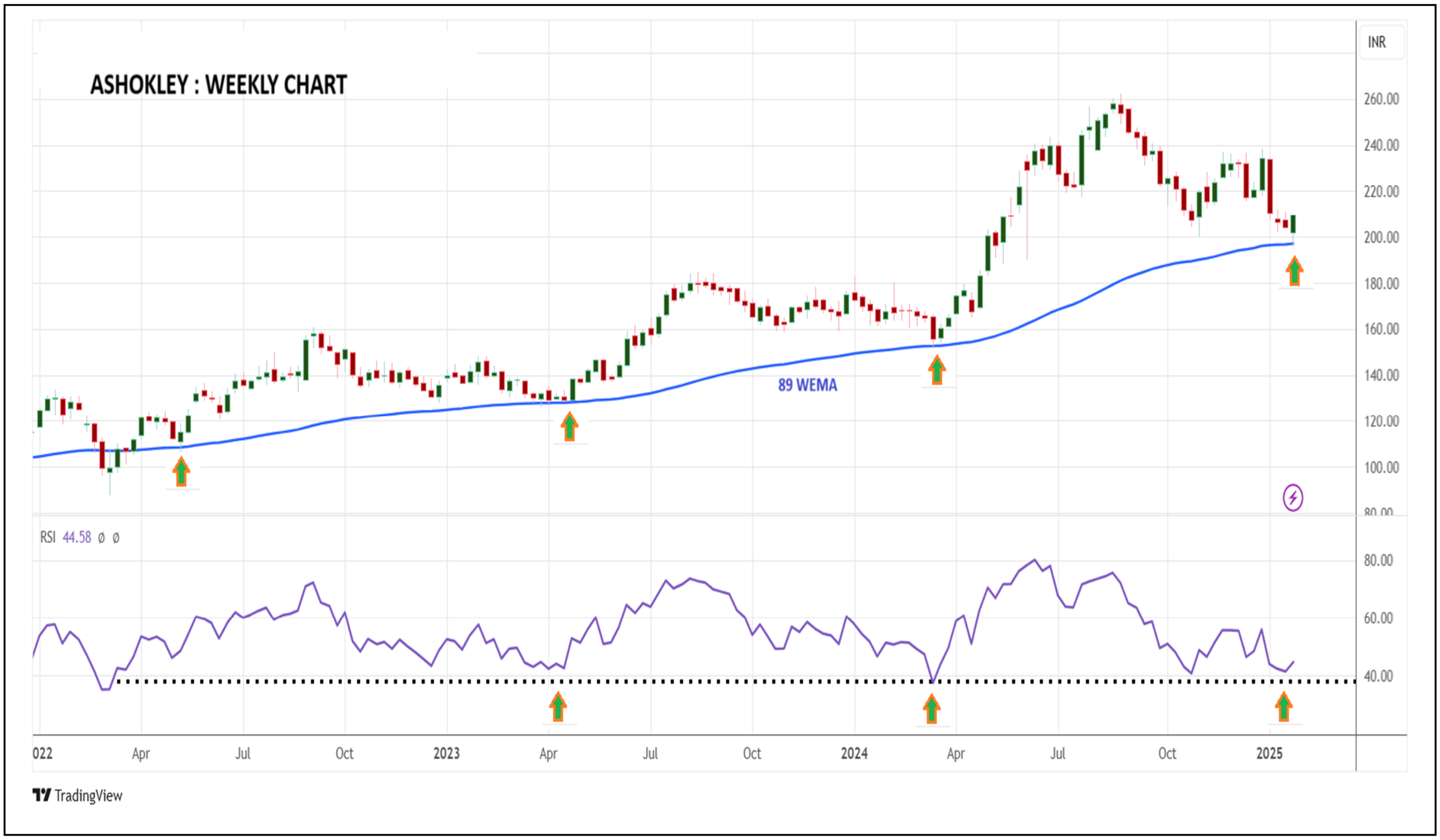
The year 2024 unfolded as a dynamic and interesting chapter for the heavyweight index Bank Nifty. In the first half of the year, the index showcased remarkable strength, following the election scenario with two consecutive quarters of robust bullish activity. However, as the year progressed into the latter half, Bank Nifty encountered a series of challenges that led to a noticeable countertrend. This phase was marked by heightened volatility and some significant pullbacks, which tested the resilience of market participants. Despite these fluctuations, Bank Nifty ultimately managed to finish the previous year on a positive note, recording a year-over-year increase of just over 5 percent. While this growth is commendable, it is worth noting that Bank Nifty slightly lagged behind the benchmark index, indicating a relative underperformance in comparison to the broader market.

The slowdown in the GDP growth rate, combined with a persistent decline in the Indian Rupee (INR) and sluggish earnings reports from the Banking & Financial sector, has significantly impacted market sentiment. This unfortunate combination, along with a relentless selling spree by Foreign Institutional Investors (FIIs) in the previous quarter, has caused a substantial drop in the Bank Nifty index. As a result, the index has plummeted nearly 12 percent from its peak of **54467**, which was reached in September of last year. Entering 2025, the situation only grew more concerning. The Bank Nifty index faced further challenges, plunging below the crucial 200-day SMA after a long haul. This technical downturn contributed to an additional erosion of almost 4 percent within the month leading up to the Budget session, reflecting heightened uncertainties in the banking sector and broader economic environment.

From a technical standpoint, Bank Nifty index is currently placed very close to where it started the year 2024, providing an opportunity of compounding gains from hereon. Though the placement below the 20 DEMA and 200 DSMA signifies a challenging phase in the short-term view. But from a broader term time frame, such historical trends suggest that such situations often lead to significant pullbacks. For now, the recent lows of **48000**, followed by the election day closure around **46900** subzone is seen as a strong demand zone for the index. While a series of resistance is seen from **50000-50800** (200 DSMA) in the shorter duration. While a decisive breakthrough is likely to pave the way for renewed bullish momentum, targeting a retest of the lifetime high, which is nearly 11 percent above the current zone. This scenario underscores the potential for positive movement in the coming periods.

ASHOKLEY (CMP: 206.04)

Weekly Chart



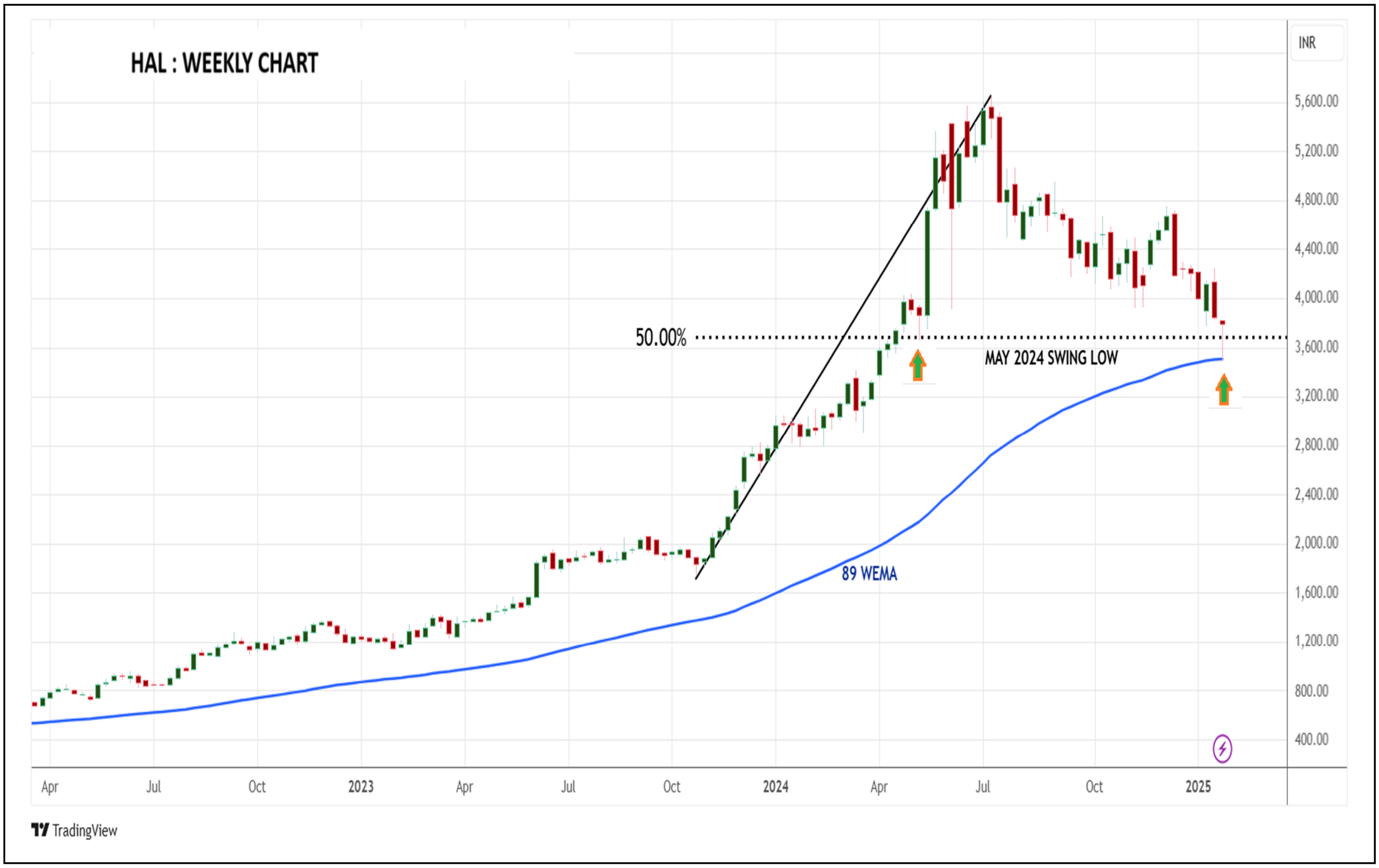
Source: Trading View

<u>Rationale:</u>

- The stock has faced selling pressure after peaking above 260 in September 2024.
- Historically, the stock has found support near the 89-EMA on the weekly chart, which is currently around the 200 level.
- On a longer degree chart structure, it is placed around the 20-EMA on a monthly chart which has acted as a strong support zone.
- Given the current technical placement and historical support at these levels, we expect a potential short-covering rally from this point. Hence, we would recommend buying this stock in the range of Rs. 200-205 for the targets of Rs.265 with a stop loss of Rs.189.

HAL (CMP: 3700.50)

Weekly Chart



Source: Trading View

Rationale:

- Over the past 7 months, stocks have experienced consistent selling pressure, except for a brief recovery in November.
- The stock has now reached near the key support level of 20-EMA on the monthly chart and 89-EMA on the weekly chart.
- Historically, stocks in this sector tend to attract attention during the Budget period. Given the current technical setup, this stock appears poised for a potential rebound.
- Hence, we would advocate buying this counter in the range of Rs. 3650-3700 for a potential target of Rs. 4700 with a stop around Rs. 3480 marks.

JKCEMENT (CMP: 4890.80)

Daily Chart

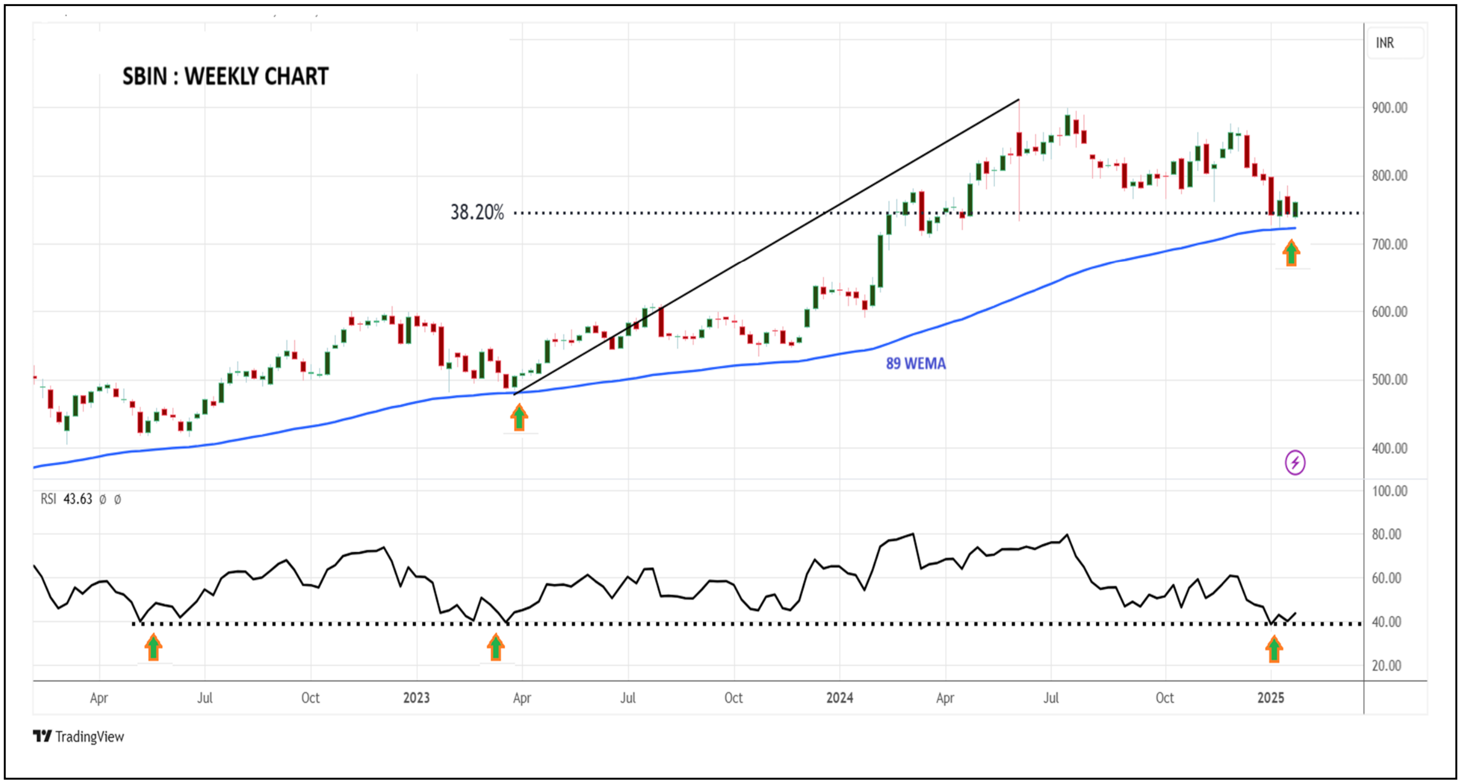
Source: Trading View

Rationale:

- The stock has demonstrated notable relative strength in recent weeks, outperforming and holding higher grounds, despite considerable weakness in the broader market.
- The stock remains in a Primary uptrend, reinforced by the formation of a series of higher highs and higher lows.
- It is currently forming a bullish Cup and Handle pattern, indicating the potential for higher levels in the coming days. The volumes accompanying a potential breakout, were also on the higher side.
- From a technical perspective, the 14-day RSI remains in bullish territory, while the stock has consistently found support at its 20-DEMA in recent sessions. Additionally, it is trading comfortably above all major EMAs, reinforcing the positive outlook.
- We expect this ongoing outperformance to continue in the stock and hence recommend a buy in the range of 4880-4700, with a stop loss of 4320, for a target of 5780.

SBIN (CMP: 758.45)

Weekly Chart



Source: Trading View

Rationale:

- After rallying nearly 80% from its early 2023 lows, SBIN has retraced to the 38.2% Fibonacci level of the prior up move, offering a favourable price location.
- The stock is currently trading near a strong short-term support band that has been respected multiple times since the beginning of last year.
- Technically, SBIN has also found support at its 89-EMA on the weekly chart, further reinforcing the sturdiness of the underlying support.
- Given the oversold conditions in the broader market recently, we anticipate a strong pullback in the coming days, with heavyweight stocks like SBIN expected to play a significant role in the recovery.
- Considering these factors, we recommend a buy on SBIN in the 755-735 price range, with a potential target of 875 and a stop loss at 700.

*All prices are as on NSE closing on 29.01.2025

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