

Nifty where next from here?

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Nifty to shoot higher towards 12,900 despite rupee weakness

One may find Nifty expensive at 11,500, but in dollar terms, Nifty has corrected towards levels prevailing in December 2017 which is around 10,200. The Nifty to USDINR ratio is currently trading near support of 159. With strong consolidation between March-July 2018, it may be poised for a sharp rally in the near term. The upside projection of this ratio falls around 183-184 i.e an upside of 14%.

Applying Elliot wave principle on Nifty to USDINR ratio, it suggest that Wave 5 of Cycle degree remains in progress and within same we have just completed Wave (2) of Minor degree which has landed in support zone i.e. line extended from Wave 2 and Wave 4 of Cycle degree.

With USDINR trading at 72 levels, currently implied Nifty is trading at around 10,200 and has scope for rally towards 12,800-12,900 in actual terms.

Key catalyst for Nifty journey towards 12,800-12,900

Nifty Commodities Index

The Nifty Commodities Index which recently has shown strong recovery and has further scope to rally by at least 10%. As the Dollar index has been showing major distribution between 95-96 levels, there is a high possibility of it moving towards 91. Historically, commodities vary negatively to rise in dollar index and vice versa. Nifty Commodity index has recently formed bullish inverted Head & Shoulder patter which also coincides with a bullish analysis. Nifty commodity index holds around 20% weightage in Nifty.

Nifty Private Bank Index

The Nifty Private Bank index has landed towards long-term support levels coinciding with earlier breakout zone. The upside projection of earlier Cup & Handle breakout opens upside potential of 11-13%. Nifty Private Banks holds around 24% weightage in Nifty.

NIFTY-USDINR ratio

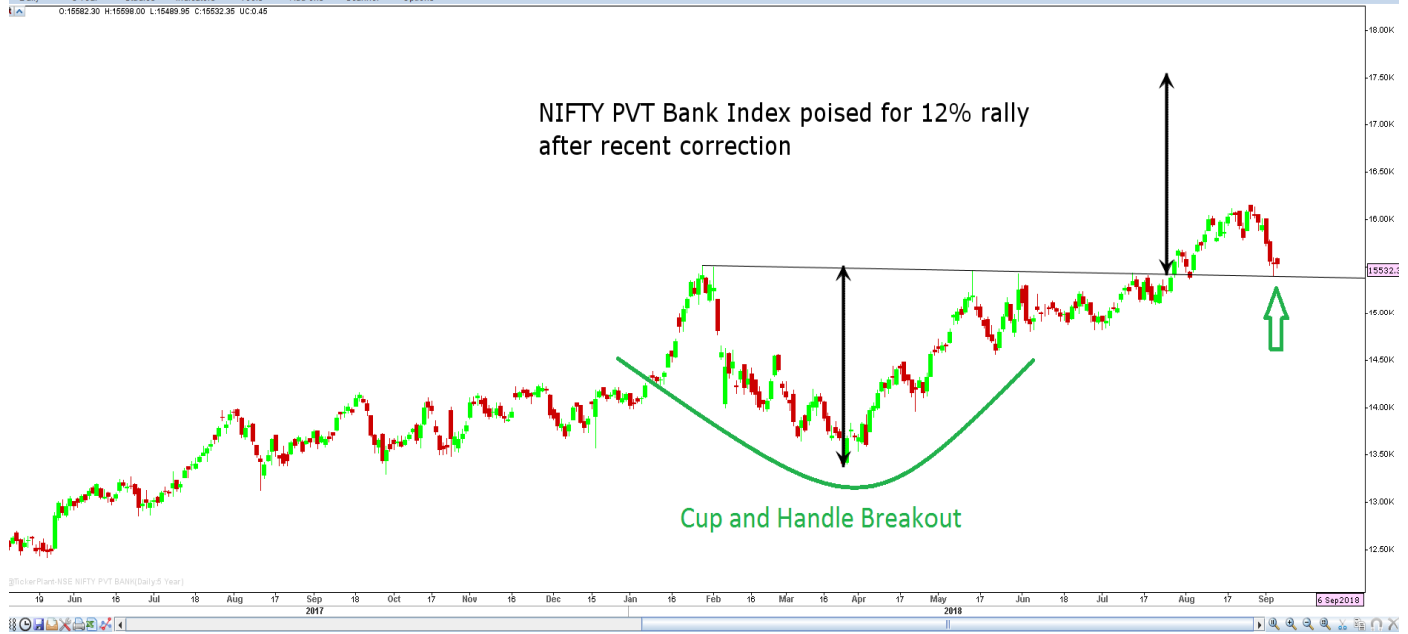


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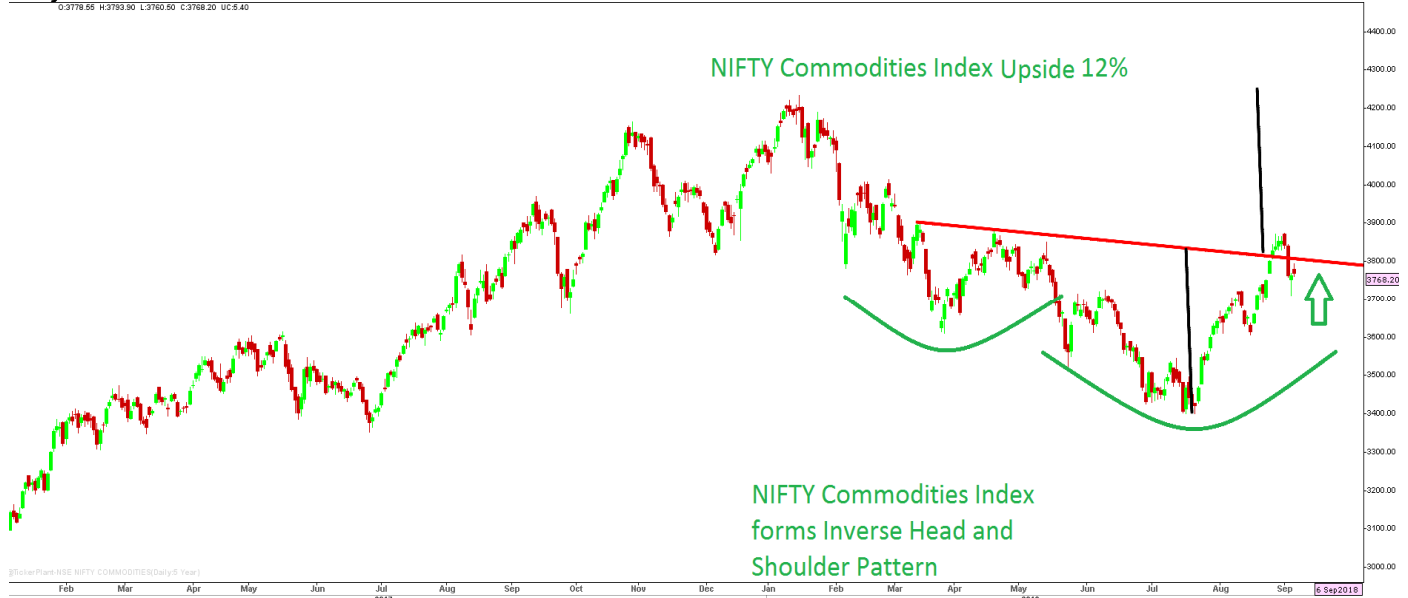
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Nifty Private Bank Index



Nifty Commodities Index



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