

Trading theme- BUY Nifty MNC Index

- By Amit Harchekar, CMT

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A case towards Nifty MNC Index

With Nifty trading above all-time highs, risk in large cap financials stocks remains elevated for the time being and is prone to short-term correction 4-5%. Major downside risk is seen in Nifty IT index and Nasdaq Composite which has made pattern similar at the time when Nifty topped out in Jan 2008. The weakness in technology stocks can trigger maximum jerk of 5% in Nifty index and the decline should be used to increase exposure in Bank Nifty and Nifty MNC index.

Nifty MNC index which has spent 6 months in consolidation comprise of blend of consumption and commodity stocks. These have completed bullish accumulation phase and could be heading for at least 10% upside in the near term. Even in the case of correction, Nifty MNC index holds high relative strength for rebound due to presence of high quality blue-chip companies and nil presence of IT stocks.

Nifty MNC Index- Data points

Key ratios

P/E	P/B	Dividend Yield
33.79	5.71	1.64

Source: NSE website

Top Constituents by weightage

Company Name	Weightage (%)
Maruti Suzuki	27.43
Hindustan Unilever	26.81
Vedanta	8.95
Britannia Industries	8.34
Bosch	3.72
Ambuja Cements	3.67
United Spirits	3.61
Ashok Leyland	3.52
Colgate Palmolive	3.31
Cummins India	1.98

Source: NSE website

ACTION: BUY STOCKS IN NIFTY MNC INDEX IN SAME PROPORTION AS MENTIONED ABOVE

Index Genius Investment Advisors

Tel.: (022) 6236 9532 | Mob.: +91 90829 91671 | Email: research@indexgenius.com | Website: www.indexgenius.com

Address: A-212, Gokul Arcade, Opp Garware Chowk, Andheri-Sahar Road, Vile Parle (East), Mumbai- 400 057.

Nifty MNC Index



Nifty IT index bearishness poses some downside risk to Nifty 50



(For details click <http://www.indexgenius.com/time-to-exit-technology-stocks/>)

Comparison of Nasdaq Index and Nifty 50 Index during Jan 2008

10% Price swing Volatility followed with Bearish Wedge



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