

NIFTY Pauses After Recovery; Consolidation Continues Below 50/100-DMA

- **Index View:** The NIFTY 50 declined 0.85% over the week, led by sharp selling in IT stocks, with the Nifty IT index falling over 8%. The index remains in a consolidation phase. It continues to trade below the 50- and 100-DMA, while holding above the 20- and 200-DMA.
- **Outlook:** We expect further consolidation in the near term. Key levels to monitor are 26,400 on the upside and 24,570 on the downside. This ~6.5% range suggests volatility is likely to persist. The first week of February witnessed a 6.5% intraweek swing from lows to close 3.5% higher, while last week saw a gap-up opening followed by a ~2% intraweek decline, ending 0.85% lower week-on-week. A decisive breach of either 26,400 or 24,570 would signal a shift in trend. Until then, the index is likely to remain range-bound with elevated volatility. Overall, volatility is expected to continue, with the NIFTY 50 consolidating until a confirmed breakout above 26,400 or breakdown below 24,570 establishes the next directional move.
- **Broader Markets:** The NIFTY Midcap 150 mirrors the benchmark's structure, trading just below its 50- and 100-DMA, while holding above the 200-DMA. The NIFTY Smallcap index, after spending six weeks below the 200-DMA, has avoided fresh weekly lows over the past two weeks. It has reclaimed the 20-DMA and attempted an intraweek move above the 50-DMA but failed to sustain a close above it, indicating early stabilization but no confirmed reversal yet.
- **Breadth & Highs:** Market breadth has remained stable over the past week, maintaining similar levels for the second consecutive week (see page 2)

Index	1W %	Last Friday Close	S1	S2	R1	R2
Nifty 50	-0.9%	25,471	25,300	24,800	25,750	26,400
Midcap 150	-0.2%	21,884	21,630	21,050	22,380	22,650
Smallcap 250	0.8%	15,988	15,700	15,350	16,180	16,400



TradingView

- **The index is trading above** its 200-DMA. Focus on selective ideas trading above their key moving averages and breaking out of early consolidation bases.
- **Trim/Exit** Lagging stocks breaching key support levels.

Index	1-W %	1-M %	3-M %	6-M %	12-M %	YTD %	% from 52W high	% of members > 200-DMA
Nifty 50	-0.9%	-0.8%	-1.5%	3.8%	12.5%	-2.4%	-3.4%	64.0%
Nifty 100	-0.8%	-0.6%	-1.5%	3.9%	13.3%	-2.1%	-3.3%	51.5%
Nifty 500	-0.5%	-0.6%	-2.0%	3.2%	14.3%	-2.2%	-3.4%	39.5%
Nifty Midcap 150	-0.2%	-0.3%	-1.8%	4.5%	20.3%	-1.6%	-3.4%	46.7%
NSE NIFTY Smallcap 250	0.8%	-1.3%	-6.3%	-3.7%	11.1%	-4.1%	-11.6%	30.2%

Source: Spark PWM; Bloomberg, TradingView

Note: 1W - last Monday to Friday; S1/2 - 1st /2nd Support; R1/2 - 1st /2nd Resistance

Returns mentioned are calculated on a total return basis

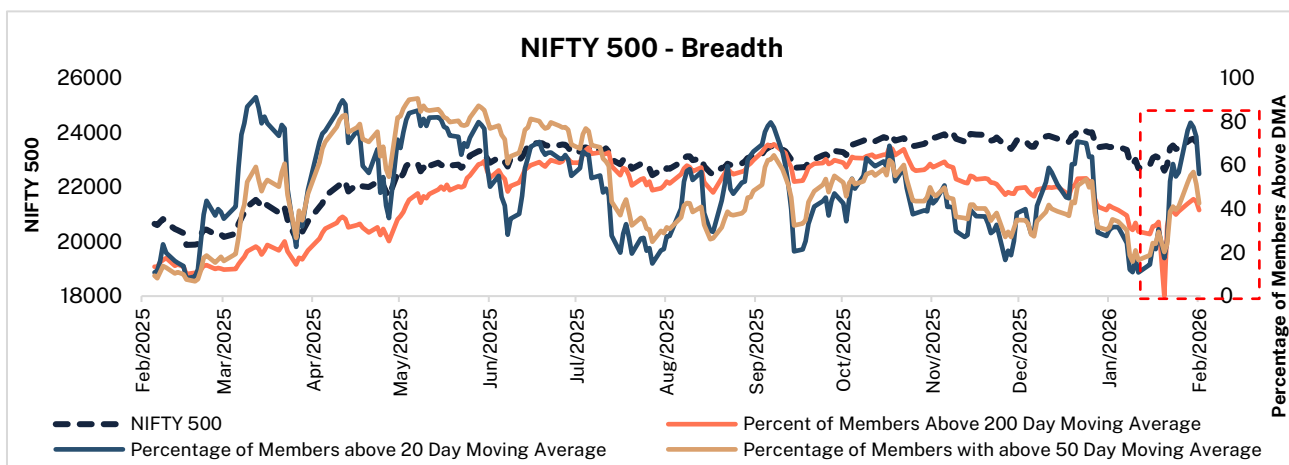
Sectoral Trends

- Over the past week, broader markets delivered mixed performance, with 8 of the 17 tracked sectors closing in positive territory. Media was the top gainer, rising 5.2% week-on-week, followed by PSU Bank and Auto, each advancing more than 2.5%. Meanwhile, IT remained the primary laggard, declining 8.2% for the week.
- Over the past three months, Metals continue to lead, posting gains of over 13%, followed by PSU Bank with gains of more than 9%, while Realty and IT remain the weakest performers. On a 12-month (1Y) basis, PSU Banks are the top performers, delivering gains of over 60%, followed by Metal and Auto, which have risen 48% and 29%, respectively.
- Nifty Commodities, CPSE, PSU Bank, and Financial Services hit new 52-week highs last week. Infrastructure, Bank, and PSE remained relatively resilient near their 52-week highs, while Realty, IT, and Media are trading 22%, 21%, and 18% below their respective peaks.
- Market Breadth:** Based on the percentage of stocks trading above their 200-DMA, the Nifty 50 stands at 64%, lower than 66% in the previous week. In terms of sectoral breadth, Nifty Bank leads with 86% of its constituents trading above the 200-DMA (down from 93% last week), followed by Metal and Auto at 80% and 73%, respectively. On the weaker side, IT and Realty remain under pressure, with only 10% and 20% of their stocks trading above the 200-DMA.

Index	1-W %	1-M %	3-M %	6-M %	12-M %	YTD %	% from 52W high	% of members > 200-DMA
Nifty Media	5.2%	3.9%	-0.9%	-10.7%	-0.8%	1.4%	-18.1%	40.0%
Nifty PSU Bank	3.3%	1.7%	9.2%	30.6%	60.5%	7.5%	-1.4%	66.7%
Nifty Auto	2.6%	2.4%	3.8%	17.2%	29.4%	0.3%	-3.2%	73.3%
Nifty Healthcare PR	1.7%	0.1%	-3.2%	-1.6%	8.6%	-1.6%	-5.0%	60.0%
Nifty Financial Services	1.2%	2.2%	2.3%	6.9%	22.4%	1.9%	-1.0%	65.0%
Nifty Pharma	1.1%	0.1%	-2.6%	0.4%	7.3%	-2.2%	-5.5%	60.0%
Nifty Bank	0.1%	0.2%	2.9%	8.8%	22.6%	1.0%	-2.6%	85.7%
Nifty Infrastructure	0.0%	3.3%	-0.6%	6.7%	21.7%	-0.6%	-2.6%	56.7%
Nifty India Consumption	-0.2%	-0.8%	-4.7%	-0.2%	11.5%	-3.9%	-7.3%	48.4%
Nifty Realty	-0.2%	-3.4%	-12.5%	-6.2%	-0.6%	-6.2%	-21.5%	20.0%
Nifty Metal	-0.6%	2.5%	13.3%	29.8%	47.5%	6.5%	-5.1%	80.0%
Nifty Commodities	-1.0%	2.0%	5.2%	14.1%	29.4%	3.2%	-2.7%	66.7%
Nifty CPSE	-1.5%	4.8%	5.3%	9.3%	29.2%	7.4%	-2.8%	63.6%
Nifty PSE	-1.7%	3.3%	2.8%	8.5%	26.6%	3.9%	-2.7%	60.0%
Nifty FMCG	-1.9%	-1.7%	-7.8%	-6.0%	-2.2%	-7.6%	-13.0%	46.7%
Nifty Energy	-2.0%	4.3%	-1.1%	5.1%	19.1%	1.4%	-3.3%	43.6%
Nifty IT	-8.2%	-16.2%	-9.4%	-4.9%	-18.7%	-13.2%	-21.3%	10.0%

NIFTY 500 Market Breadth

- The percentage of stocks trading above key moving averages showed marginal improvement during the week. Stocks above the 200-DMA inched up to 39% (from 38%), while those above the 50-DMA rose to 42% (from 41%). However, the percentage of stocks trading above the 20-DMA eased slightly to 56% (from 57%).



Source: Spark PWM; Bloomberg.

Note: 1W - last Monday to Friday; Returns mentioned are calculated on a total return basis

Disclaimer (1/2)

Absolute Rating Interpretation

BUY	Stock expected to provide positive returns of >15% over a 1-year horizon	REDUCE	Stock expected to provide returns of <5% – -10% over a 1-year horizon
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