



# SECTORAL OVERVIEW (TECHNICAL) MIDCAPS

NIFTY MIDCAP50 (CMP: 4927)

Near Term View  
**Bullish**

Daily Chart



Source: TradingView

**Rationale:**

The Midcap basket enjoyed a strong Bull Run in the period of March 2016 – January 2018 as we saw multi-fold returns in so many individual pockets. However, the major part of the calendar year 2018 has not been so great for this traders'/ investors' favorite pocket. But, as we generally say 'All's well that ends well', due to last few weeks' price action, we are seeing some early signs of revival. This may not be the absolute bottom, too early to comment on it; but we are sensing some good moves in the offing at least with a near term view.

Let us understand what exactly price charts have to say. The recent correction in 'Nifty Midcap 50' precisely got arrested around the 'Golden Ratio' i.e. 161% (4300) of the previous rally from **4706.80** to **5387.90**. This was followed by multiple ups and downs, which were in the form of a 'Higher Top Higher Bottom' on daily chart and thereby confirms it's near term trend reversal. Now, index is consolidating around the threshold of '**200-day SMA**' as well as the '**Falling Trend Line**' placed around the **4950** mark. A sustainable breakout beyond this would unfold the next leg of the rally to push the index towards the next territory of **5200 – 5300** in coming days. On the lower side, **4800** followed by **4720** has now become a strong support zone. This price development would play a vital role in the near term as we can see a good participation from the broader end of the spectrum; which provides credence to any upmove.

We are highlighting few key movers within the midcap universe, which we believe are poised to give decent moves going forward.

# Muthoot Finance (CMP: 512.50)

Near Term View  
**Buy on dips**

## Weekly Chart



Source: TradingView

### Rationale:

- Post registering a high around ₹513 in September 2017, the stock prices consolidated in a range for a period of one year. This consolidation seems to be a 'time-wise' correction within a longer degree uptrend.
- Since September 2018, the stock prices have seen upmoves supported by good volumes, whereas lower volume activity was seen on corrections. This is typically a sign of accumulation.
- Within the mid-cap space, the stock has been a rank outperformer and is now trading at its all-time high levels, indicating a resumption of the long-term uptrend.
- The momentum oscillator such as 'RSI' on the daily as well as weekly chart is confirming the positive momentum.
- **Hence, traders can buy this stock on dips in the range of ₹501 – 506 for a target of ₹557 in next 45 days. The stop loss for this trade can be kept at ₹473.90.**

Escorts (CMP: 719.80)

Near Term View  
**Buy on Dips**

Daily Chart



Source: TradingView

**Rationale:**

- Along with its peer counters in the Auto sector, this stock has corrected significantly from its high around ₹1015 in May 2018. Post correcting about 47% in a period of merely four months, the prices seem to have formed a support base around ₹541 in the first week of October.
- Since then, the stock has retraced higher and the upmove has been supported by decent volumes.
- The recent price action led to a formation of 'Symmetrical Triangle' pattern on the daily chart and prices have given a breakout from the same. This indicates a higher probability of an upmove in prices in the near term.
- **Hence, we advise traders to accumulate the stock on dips in the range of ₹695 - ₹701 for a target of ₹774 in 14-21 days. The stop loss for this trade can be kept at ₹658.**



GSFC (CMP: 116.30)

Near Term View  
**Positive**

Daily Chart



Source: TradingView

**Rationale:**

- Along with the broader markets, this stock too corrected from its high post January 2018. However, the prices have formed a support base in the range of ₹85-90 and have managed to pullback higher from that zone.
- The upmove from the mentioned support has been accompanied by good volumes.
- The recent price action resembles a 'Cup and Handle' pattern which is a 'Bullish' price structure.
- Also, the prices are trading above its key short-term as well as long-term moving averages.
- Considering the above evidences, we expect the stock show outperformance amongst the midcap stocks in near-term.
- **Hence, we advise traders to accumulate the stock in the range of ₹114-₹117 for a target of ₹134 in 45 days. The stop loss for this trade can be kept at ₹106.**

Sun TV (CMP: 607.85)

Near Term View  
**Positive**

Weekly Chart



Source: TradingView

**Rationale:**

- In this calendar year, the stock prices have corrected significantly from its highs. However, the prices are now trading around its long support of '200 SMA' on the weekly charts, which coincides with the 127% reciprocal retracement of previous upmove.
- During last week, the stock has formed a 'Bullish Hammer' candlestick pattern at the mentioned support.
- This pattern is a bullish reversal pattern and formation of the same at its long term support is a positive sign for near term.
- The recent low coincided with the breakout zone seen in January 2017; indicating previous resistance on the long-term chart to act as a support.
- Due to the above-mentioned reasons, we expect a pullback move in the stock in near-term. **Hence, we advise traders to accumulate the stock in the range of ₹603 - ₹608 for a target of ₹652 in 14-21 days. The stop loss for this trade can be kept at ₹582.**

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