



STREET SIGNS

Nifty enters 'overbought' zone

Going 'long' is becoming an overcrowded trade on Dalal Street, and any negative trigger could lead to a sharp correction, warn experts. However, given the strong momentum, particularly in IT stocks, the downside could be protected in the immediate term. "With the Nifty50 surging to new life-time highs, the bulls remain in control. Further upsides are likely once the immediate resistance of 21,492 is taken out. Caution is, however, warranted for the near term as the 14-day RSI at 84.93 is in overbought territory. But the 14-week RSI is at 75.87, which implies that it is not extremely overbought and there is scope for more upsides in the intermediate term. Thus, any short-term corrections can be utilised to buy into quality stocks," said Subash Gangadharan, senior technical and derivative analyst at HDFC Securities.

IndiGo may gain altitude

The stock of IndiGo airlines' parent company, Interglobe Aviation, posted one of its longest winning streaks this week. Analysts believe more steam is left as domestic passenger traffic is likely to grow above 15 per cent in FY24 to 155 million passengers. This is despite headwinds – including aircraft groundings and worsening supply chain issues. IndiGo is also likely to benefit from scaling down of its competitor's operations. "IndiGo is likely to benefit from market share gains across categories amid the weakening of small players, such as Go First and SpiceJet. The industry could consolidate to two-three players, critically impacting consumer interest and competition in the near term," said a note by Nuvama Institutional Equities.

Taking cues from grey markets

Over half a dozen initial public offerings (IPOs) close this week. The grey market premia (GMPs) for most are positive. The most demanded is the ₹150-crore IPO of Motisons Jewellers, shares of which grey market operators believe could nearly treble on listing. Among large issues, the GMP of Inox India and Azad Engineering is nearly 80 per cent, while that for Happy Forging is 54 per cent. The premia for Muthoot Microfin and Suraj Estate Developers are relatively modest at 30 per cent and 15 per cent, respectively. "After the sharp rally last week, GMPs rose. One has to be careful, as sentiment can quickly turn," said an investment banker.

Samie Modak & Sundar Sethuraman