

UNION BUDGET 2024 - TECHNICAL INVESTMENT IDEAS



31st July 2024

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Technical & Derivatives

Symbol	Industry	Market Cap	CMP (₹) (30 th July 2024)	Target (₹)*	Upside Potential (%)
BHEL	Heavy Electrical Equipment	Large Midcap	317.40	365	15.00%
NTPC	Power Generation	Large Cap	406.95	452	11.07%
AUBANK	Other Bank	Large Midcap	651.45	764	17.28%
HUDCO	Financial Institution	Mid Cap	315.30	382	21.15%
UFLEX	Packaging	Small Cap	593.25	719	21.20%
HEROMOTOCO	2/3 Wheelers	Large Cap	5444.30	6040	10.94%
DHANUKA	Pesticides & Agrochemicals	Small Cap	1691.70	2080	22.95%
ADANIGREEN	Power Generation	Large Midcap	1832.40	2185	19.24%
Average Return					17.35%

*Holding Period: 8-12 Months

Nifty: 24,857.30

1. Buy BHEL (Cmp @ 317.40), Upside Potential: 15%

Technical & Derivatives

Weekly Chart



Union Budget Rationale

NTPC and BHEL will set up an ultra-critical thermal power plant using AUSC Tech to promote one out of 9 Budget priorities of Energy security. Necessary fiscal support from the government will drive the growing prospectus for BHEL.

Technical View

After testing an all-time high of ₹335.35 on 9th July 2024, BHEL witnessed profit bookings at higher levels resulting in a short-term correction on the price chart. From a technical perspective, BHEL has bounced back from its key Fibonacci level of 50 with active buyer's participation at every dip, suggesting a positive outlook. Adding to the optimism, the stock has experienced a positive breakout of the 50-day EMA on the daily chart, indicating that the near-term trend may sustain the bullish sentiment. On the support and resistance front, BHEL can anticipate resistance at 322/336 levels. A breach above 336 could propel the stock towards 350/370/410 levels. On the downside, support for the stock can be identified at 282/267 levels. one should advise to accumulate BHEL on every dips for medium to long term gains.

Weekly Chart



Union Budget Rationale

NTPC and BHEL will set up an ultra-critical thermal power plant using AUSC Tech to promote one out of 9 Budget priorities of Energy security. Partnership between the two PSU companies under the Energy Security Scheme in the Union Budget will benefit greatly in medium to long term scenario.

Technical View

In technical terms, NTPC has experienced a V-shaped recovery on both the weekly and monthly charts, with steady volume growth indicating a potential continuation of the uptrend. Recently, the stock has experienced a positive breakout of the downward sloping trendline on the daily chart and created a fresh all-time high, suggesting a positive bias. Moreover, the trend indicator On Balance Volume (OBV) displays a positive flow in accordance with the price chart. Based on these observations, the medium-term trend of NTPC is likely to remain positive, potentially leading the stock to test at 415/452/490 levels in the medium-term scenario. Conversely, support for NTPC can be seen at 388/360/342 levels. Buy NTPC and accumulate on dips would be advisable for long term investors.

Weekly Chart



Union Budget Rationale

Extension of Mudra loans limit to Rs 20 lakh from Rs 10 lakh - The Mudra loans under PMMY are disbursed through PSU banks, small finance banks, and NBFCs. Hence, the announcement of a limit extension will benefit AU Bank

Technical View

AUBANK regained its bullish momentum after retracing from its major demand range around 550-580 with impulse market participations at key levels. The stock has been observed trading within a rising channel pattern on weekly and monthly chart which is a bullish continuation pattern with active buyer's participation at lower levels, suggesting a positive bias. Moreover, the momentum indicator Relative Strength Index (RSI) aligns with bullish sentiment, displaying strength above 50. On the support and resistance front, the stock can encounter resistance at 665/700 levels and a break above 700 could take AU BANK to test at 765/815 levels. In contrast, the support for AUBANK can be seen at 600/550 levels. Technically, we would remain positive on AUBANK, and investors are advised to apply buy on dips for medium to long term gains.

Weekly Chart



Union Budget Rationale

Declared a ₹10 lakh crore fund for its PM AWAS Yojana Urban 2.0 that will boost the housing demand and benefit construction players such as NCC, MANINFRA, OBEROI REALTY, etc. and NBFCs like LICHSGFIN, HUDCO, PNB HOUSING, etc.

Technical View

Technically, the overall structure of HUDCO appears to be highly bullish, characterized by consistent formations of higher highs and higher lows, culminating in the creation of fresh all-time highs. Recently, HUDCO completed its price cycle and strongly bounced back from the 270 level with good volumes, confirming the uptrend. Momentum indicators such as On-Balance Volume (OBV) and the Relative Strength Index (RSI) on the daily chart confirm the stock's potential continuation of the uptrend, with possible resistance at the 353 level. A breakout above 353 could potentially lead the stock to new all-time highs in the 382/420 range. Conversely, HUDCO has support at the 295/270 levels on the downside. HUDCO is likely to remain positive and one is advised to buy and accumulate on dips for long term gains.

Technical & Derivatives

Weekly Chart



Union Budget Rationale

The revised tax rate under the new tax regime and hiked the standard deduction from Rs 50,000 to Rs 75,000 for individuals. This would result in savings of around Rs 17,500 in net taxes in the hands of individuals. This would benefit directly to the companies in the FMCG players such as HUL, ITC, Dabur, Nestle and beneficiaries would be suppliers to these FMCG giants such as Polyplex, Uflex.

Technical View

After testing the low of 325 on the weekly chart, the stock has been trading and forming bullish flag pattern mode since 27th March 2023, with steady volumes. This indicates the short to medium term trend will continue to hold on the buyer's region. RSI also exhibits strength in the short term and has been successful in holding above the levels of 50 on the weekly chart. Technically, the symmetrical triangle pattern on the weekly chart indicates upside momentum may continue and the stock has found the key resistance level of 648/658. If the stock breaks above 658, it can move towards 693/710 in short to medium term scenario. On the lower side, the support lies at 554 and 520-490 levels. We advise to buy and accumulate for medium to long term gains.

Technical & Derivatives

Weekly Chart



Union Budget Rationale

Proposed Rs 2.66 lakh crore for rural development. Furthermore, skill development initiatives are expected to lead to more rural employment. This would increase income levels in rural areas and consequently, two-wheelers and entry-level passenger vehicles could see high demand from rural India, benefiting companies like Hero MotoCorp & Maruti.

Technical View

After HEROMOTOCO has given breakout from the symmetrical triangle pattern on weekly chart, the stock has been trading within upward sloping channel with good volumes since October 2023. On weekly chart the bullish support line continues to remain strong which suggests buying pressure in the stock during dips. RSI is also showing rising trend indicating accumulation can be witnessed on buyer surface. We continue to remain positive and with support levels placed at 5820 and 4825. The weekly chart suggests sustainable move past 5728 can extend rally in the counter towards upper Bollinger band levels of 5966/6040. Investors are advised to buy and accumulate for medium to long term gains with an upside potential return of 10.94%.

Weekly Chart



Union Budget Rationale

Announced Rs 1.52 lakh crore provisioning to agriculture and allied sectors – This will increase disposable income of farmers and also the sale of fertilizers and agrochemicals which will aid companies like Kaveri Seeds, Dhanuka Agri tech, PI industries, Coromandel, etc.

Technical View

DHANUKA has given a strong breakout from multiple key resistance levels with good volumes on month chart suggesting upward momentum. On the momentum indicators front, the monthly MACD line is above its signal line and the distance between MACD, and the signal line is high. This is an indication that the short to medium term trend is positive and the positive trend is getting stronger. The daily momentum suggests that the stock can move towards 1823 and 1890 levels in near term. If the stock sustains above 1890 levels with good volumes, it can move towards the next levels of 1990/2050. On the down side, the stock has found the support at 1467 and 1285 levels. We advise investors to buy and accumulate the stock at current level and on decline for upside potential return of 22.95%.

Technical & Derivatives

Weekly Chart



Union Budget Rationale

Announced free electricity of upto 300 units per month to 1 crore households under the Surya Ghar Muft Bijli Yojana during interim budget- This initiative will increase the demand for solar panels, wind turbines and other equipment used in green energy which will aid green energy and diversified power utilities companies.

Technical View

ADANIGREEN is pecking the resistance line of the symmetrical triangle pattern on weekly chart. The daily as well as weekly mechanical oscillators are above the median line and the OBV oscillator has also made a high break out indicating more chances of an upside breakout. The stock has been trading above its 100- & 200-days EMA since November 2023 suggesting long term positive momentum. Technically, the chart structure looks positive momentum and an upside break out of 1983/2018 levels would invite strong buying pressure and it can move towards the short to medium term resistance level of 2484/2572. On the downside the stock has support at 1650 and 1545 levels. We recommend investors to buy and accumulate ADANIGREEN for medium to long term gains.

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