



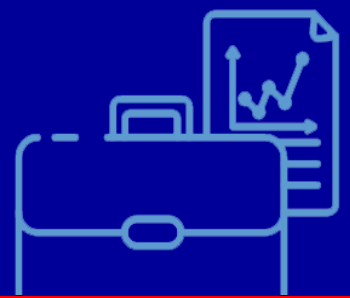
UNDERWEIGHT WITH A 2 YEARS PERSPECTIVE

NIFTY METAL, 1M, NSE, O6272.60 H6420.90 L5842.80 C5858.25 -469.05 (-7.41%)
 Vol: The data vendor doesn't provide volume data for this symbol.
 MA (20, close, 0) 4899.42
 MA (200, close, 0, SMA, 5)



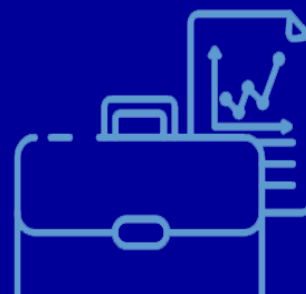
OBSERVATIONS:

- In our report dated 5th March 2022 we recommended to Reduce Exposure to Metals on Rally. Post that during last week on March we saw a 8-months long consolidation breakout in the NIFTY METAL index.
- Post the breakout in the month of April the index formed a shooting star candle pattern on the monthly timeframe. The index witnessed follow-up selling in the month of May and is now trading at the 2-months low.
- It is quite evident on the monthly charts that the RSI indicator is signaling a Price momentum divergence which gives bearish signals.
- The steel stocks have already corrected by about 20% and the charts indicate towards more pain going ahead.



Observations

- On the weekly charts we can see that the breakout that occurred in the end of March 2022 turned out to be a false breakout and currently prices are drifting lower and have also breached below the 20 week SMA (6047).
- The momentum on the RSI indicator has not been confirming the upside as it has been forming lower highs since June 2021.
- We recommend investors to exit Metals as the index looks weak below the 5850 level and now the next important support is close to the 5200 mark.
- 6100-6180 would act as a major hurdle for the index on the upside.



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