

YEARLY TECHNICAL OUTLOOK 2026



NEW YEAR PICKS

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Yearly Technical Outlook & New Year Picks – Nifty 2026: Assessing the Sustainability of All-Time High

“As we conclude 2025, we extend our sincere thanks and warm New Year wishes to our valued clients. With confidence and optimism, we step into 2026, a year that we believe holds significant opportunities amid an evolving market landscape.

We are pleased to present our Yearly Technical Outlook & New Year Picks 2026, offering insights into the market outlook and a curated set of ideas designed to help guide your investment decisions. Here’s to a year of informed strategies, disciplined investing, and long-term wealth creation!”

2025: A Year of Volatility for Indian Markets

- ❑ In 2025, Indian equity markets delivered a resilient yet selective performance, with the **Sensex and Nifty posting gains of 9.3% and 10.6%, respectively.**
- ❑ The rally was narrowly led, **driven primarily by Auto, Metals, and Banking stocks,** which anchored the benchmark indices.
- ❑ **Our Technical Outlook & New Year Picks 2025 report highlighted 23,000 as a critical support,** with a break below this level expected to drag the index toward 21,800. On the higher side, yearly resistance levels were identified at 26,277 and 27,500.
- ❑ **The index indeed breached 23,000, triggering profit-booking, before finding support at 21,744 and staging a sharp rebound to retest the previous all-time high of 26,277.** It now continues to gyrate around this key resistance zone after forming a new all-time high of 26,326.
- ❑ *Broader markets lagged, with the **BSE Midcap 100 up just 0.8% and the BSE Smallcap 100 down 6.7%, highlighting that index gains were narrow and driven mainly by select large-cap leaders.***

Global & Macro Windshield



Global Markets:
Primary Trend Strong



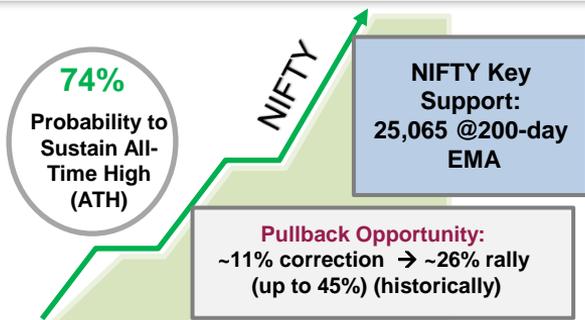
Macro: India's Growth Story
Remains Intact

Global & Indian Markets: Primary Trend
Strong, Select Risks on the Horizon

Key Growth Drivers: Domestic Demand, Resilient Domestic Growth
and an Earnings-led Recovery

Risk: US Tariffs Concern, Rupee Volatility, Inflation
Global Risk: Overstretch AI-led Rally and Reversal in Yen Carry Trade

Nifty Outlook: Accumulate on dips in the 25,500–25,000 range for a target of 27,500–28,500



Broader Market:
BSE Midcap & Smallcap in Consolidation
BSE500- Market Breadth negative
BSE500- Only 48.7% members above
their 200-day SMA

India VIX:
Historically 10-8 Range Predicts
a 4-5% correction in 1-3 months,
+9.1% annual returns

Z-score: Statistical Data Indicate 15% Upside
Potential in the Sensex

Seasonality & Sector Outlook

- ★ Auto Ancillary
- ★ Metals
- ★ PSU Banks
- ★ Healthcare

★ Seasonality: 3rd Year of Post-Election ~ (+7.4%)
Return; However, Jan-Mar Qtr ~ (-1.5%)

NEW YEAR PICKS 2026: BHARATFORG, CANBK, GLENMARK, HINDCOPPER, LT, M&MFIN, NAVINFLOUR, SAGILITY, SBILIFE, TITAN

Traditional Technical Analysis

Quantitative Analysis

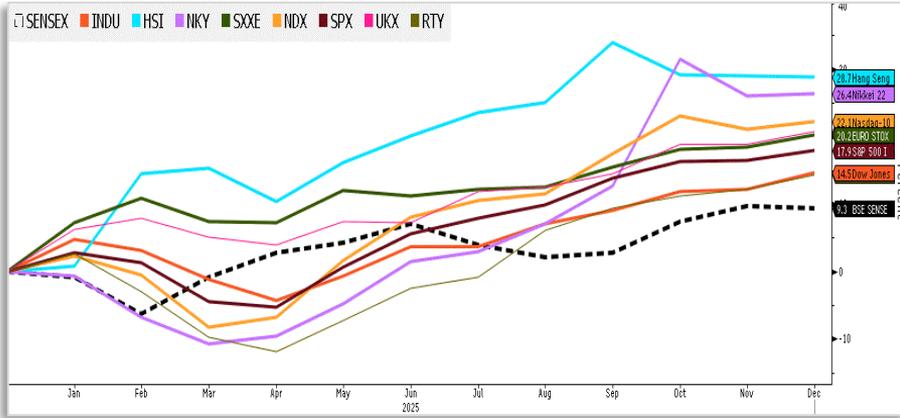


A Glimpse of 2025

Indian Equities Lagged Peers, while Global Markets and Precious Metals Delivered Outsized Gains

- Global equities outperformed Indian equities in 2025, with the **Sensex up a modest (+9.3%)** amid mixed domestic cues.
- US markets remained strong, led by the **Nasdaq (+22.1%)**, **S&P 500 (+17.9%)**, **Dow Jones (+14.5%)**, and **Russell 2000 (+14.3%)**, while Japan's **Nikkei surged (+26.4%)** and **Hong Kong's Hang Seng topped the charts with a (+28.7%)** rally.
- Europe joined the upswing, with the **Euro Stoxx (+20.2%)** and **UK FTSE (+20.8%)** posting solid gains.
- Across asset classes, precious metals outshone equities, with **Silver soaring (+148.7%)** and **Gold gaining (+50.0%)**, reflecting strong demand for inflation hedges.
- A softer US Dollar DXY (-9.6%) and a sharp decline in crude oil prices WTI (-16.6%) supported risk sentiment, while USD/INR depreciated (+4.9%) over the year.

BSE SENSEX vs Major Global Markets



Source: Bloomberg, Axis Securities.

BSE SENSEX vs Other Assets Class



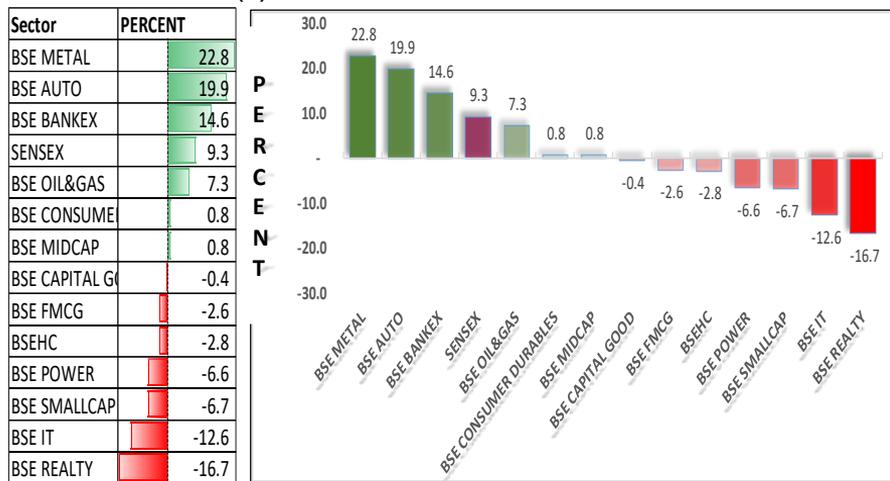
Data as of 24th Dec 2024.

* Bloomberg Index codes: Sensex- S&P BSE Sensex, INDU- Dow Jones Industrial Average (DJIA), HSI- Hang Seng Index, NKY- Nikkei 225 Index, SXXE- STOXX Europe 600 Index, NDX Nasdaq-100, SPX- S&P 500 Index, UKX-FTSE 100 Index, RTY-Russell 2000 Index, XAUBGN- Gold Spot, XAGBGN- Silver, CRY- Reuters/Core Commodity CRB Index, INR REGN-USDINR, CRB METL- Metal Index & CO1-WTI Crude

Selective Sector Rally: Divergent Trends Mark 2025 Market Performance

- In contrast to 2024's broad-based rally, **2025 saw divergent sectoral performance**, with select cyclicals outperforming while defensives and growth segments lagged.
- BSE Metal (+22.8%), BSE Auto (+19.9%), and Bankex (+14.6%) led the gains**, significantly outperforming the Sensex.
- BSE Realty (-16.7%) and BSE IT (-12.9%) were the weakest sectors**, followed by Power, Consumer Durables, FMCG, and Healthcare. **BSE Midcap (+0.8%) and Smallcap (-6.7%)** reflected limited participation from broader market segments.
- The Sensex rose (+9.3%)**, with gains concentrated in a few stocks. Top performers included MARUTI, BAJFINANCE, and BEL, while TRENT, TCS, and POWERGRID underperformed.
- Overall, market participation remained narrow and selective, highlighting a cautious risk appetite despite pockets of strong sectoral rallies.

BSE Sector Performance (%)



Source: LSEG-Refinitiv & Bloomberg, Axis Securities

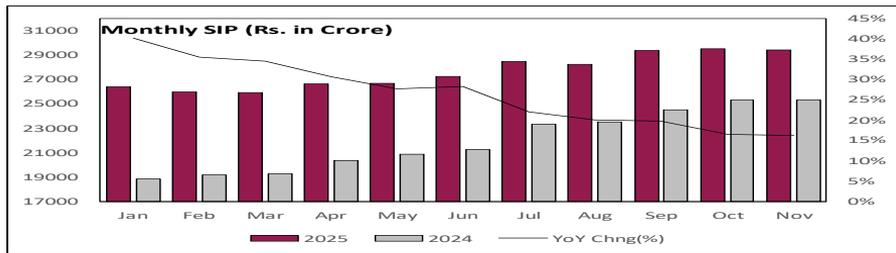
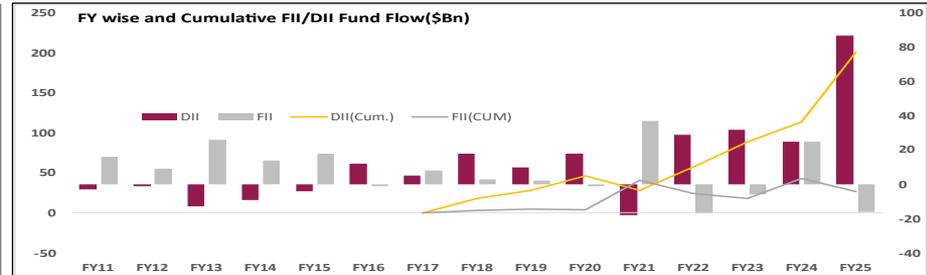
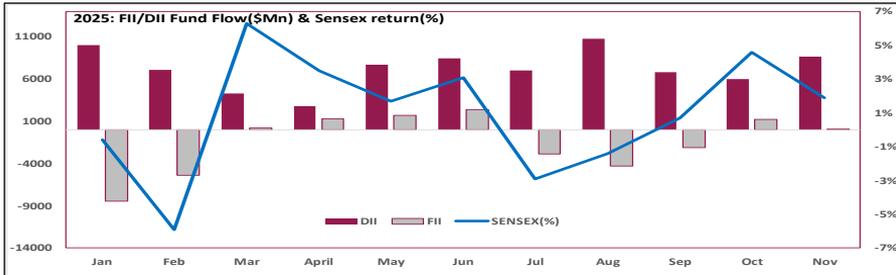
BSE SENSEX Top Gainers and Losers - 2025



Data as of 24th December 2025

Institutional Flow Dynamics Drive Volatility, Stability, and Market Momentum

- **FII Volatility:** FIIs showed high volatility, with heavy net outflows in January, February, and August. The largest net inflows occurred in April, May, and June, signalling frequent sentiment shifts.
- **DII Steady Support:** Domestic Institutional Investors (DIIs) provided uninterrupted net buying (inflows) across all months (Jan-Nov). Their strong support in January, June, August, and November consistently countered FII selling pressure.
- **Market Swings:** The Sensex saw its steepest drop in February (approx. -5.9%). The strongest gains were registered in March and October, fueled by major FII/DII buying.
- **Late-Year Momentum:** After the July–August dip, markets regained positive momentum between September and November, supported by record DII inflows in August. This liquidity cushion enabled the Sensex to gradually recover from the ~3% decline recorded in July.



- **SIP Growth Momentum:** Monthly SIP inflows for 2025 consistently outperformed 2024, maintaining double-digit YoY growth throughout the period.
- **DII Dominance:** Domestic Institutional Investors (DII) reached a record high of \$80bn in FY25, significantly outpacing Foreign Institutional Investor (FII) activity.
- **Accelerated Cumulative Inflows:** DII cumulative inflows saw a sharp upward trajectory, more than doubling from \$89bn in FY23 to \$201bn by FY25.
- **Diverging Investor Trends:** FY25 highlights a strong domestic decoupling as DII investment surged to a peak while FII experienced a net negative outflow of \$16bn.

Source: Bloomberg, Axis Securities.

2025 Market Review: From Global Panic to Domestic Calm

- **Volatility Shock:** Global Risk Events (January–April) – India VIX surged on Trump inauguration risk, Budget uncertainty, and the April 7 US–China trade war shock. Sharp FII selling and global equity sell-offs dragged Nifty lower despite strong domestic fundamentals.
- **Normalisation:** Domestic Strength Takes Over (May–September) – As worst-case global scenarios faded, volatility collapsed, and markets stabilised. Strong GDP growth, record DII inflows, and RBI rate clarity drove a steady Nifty grind higher.
- **Event-Led Spikes:** Year-End Complacency (September–December) – Pharma tariffs, H-1B IT visa fears, and rupee weakness caused brief volatility spikes without trend damage. RBI liquidity, thin holiday volumes, and renewed foreign inflows pushed India VIX to record lows.





Global Market Outlook - 2026

Structural Uptrend Intact; Breakout Signals Continued Upside Momentum

- **The US Dow Jones Industrial Average (DJIA) has been trading within a rising channel** since Mar'20, signalling a sustained medium-term bullish trend. In Apr'25, the index found strong support at the lower band of the channel and has since rebounded, with momentum now pointing toward the upper band near the 52,500 level.
- The index registered a decisive breakout above its **previous all-time high of 45,071 in Aug'25**, post which it delivered a robust 8% upside, underscoring strong bullish conviction. On the downside, **the prior resistance zone around 45,000 is now expected to act as a key support**, in line with the principle of polarity.
- Additionally, the Monthly MACD holding firmly above the zero line reinforces the view of persistent upward momentum.

Dow Jones: Monthly Chart



Dow Jones: Weekly Chart



- On the weekly chart, the DJIA is consolidating within the 48,700–45,500 range, with immediate support placed near the medium-term trendline around 47,000. A decisive close above the all-time high of 48,886 would signal a resumption of the uptrend, opening upside potential towards 52,800, which corresponds to the 61.8% Fibonacci extension of the Apr–Nov'25 rally (36,612–48,432).

Source: Bloomberg, Axis Securities

Tech-7 Leadership Intact Despite Near-Term Correction; 23,850 remains critical support.

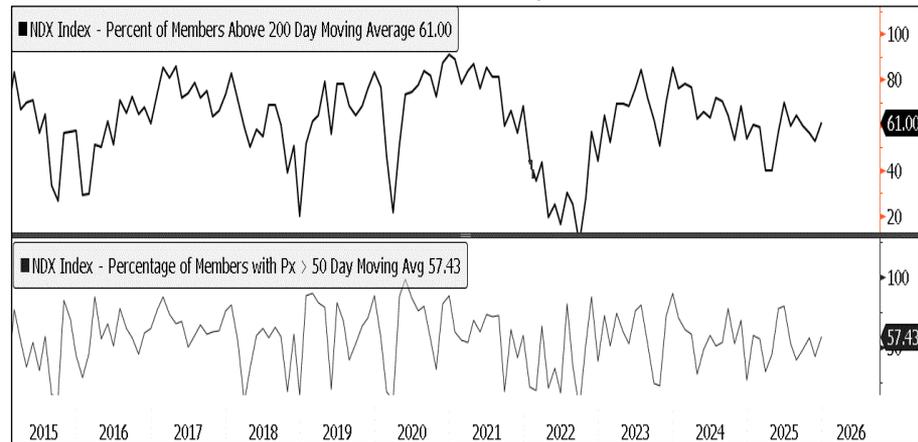
- **NDX Long-Term Bullish, Short-Term Cooling:** The NASDAQ 100 (NDX) remains in a long-term uptrend, with the weekly chart showing profit booking toward the 23% Fibonacci retracement of the rally from Apr'25, driven by caution in AI-heavy tech stocks. The move appears orderly and corrective. The index is expected to hold this support; a break below could extend the decline toward the 38% Fibonacci at 22,500, while a breakout above the all-time high at 26,182 would confirm trend continuation.
- **Tech 7 – Strong Trend, Short-Term Counter Correction:** The top seven tech heavyweights—Nvidia, Microsoft, Apple, Alphabet, Tesla, Meta, and Amazon—collectively account for nearly 60% of the NDX weight. All stocks, except Meta, continue to trade above their 200-day SMA, keeping the long-term trend intact. Five names are positioned above the 100-day SMA, while six are holding above the 50-day SMA, indicating a strong primary trend despite short-term corrective phases.
- **Market Breadth – Strength Beneath the Surface:** Breadth remains supportive, with 61% of stocks above the 200-day SMA and 57% above the 50-day SMA, signalling healthy participation despite near-term cooling.
- **The NDX trend is expected to remain bullish in the long term,** with the current counter-trend correction acting as a healthy reset, supported by leadership strength and constructive market breadth.

NASDAQ 100 (NDX) – Weekly Chart



Source: Bloomberg, Axis Securities.

NASDAQ Index Member Stocks Above 200- & 50-day SMA



UK's FTSE 100 Breakout: Bullish Outlook Above 8,000 Support

- The UK FTSE 100, on a monthly chart, surged past the psychological 9,000 barrier in Jul'25, transforming old resistance into a formidable support zone. Since this definitive breakout, the index has maintained aggressive momentum, delivering a robust 20.8% return in 2025. The uptrend remains structurally sound as the index targets the 10,000 milestone, currently trading near all-time highs.
- The RS (Relative Strength) line measures the performance of an asset relative to a benchmark, indicating whether it is outperforming or underperforming the comparison index. The RS Ratio line of the FTSE 100 against the Dow Jones Industrial Average (DJIA) continues to slope downward, suggesting that the FTSE will likely underperform the DJIA.

UK's FTSE 100 – Monthly Chart



Euro Zone's EURO STOXX 50 – Monthly Chart



Eurozone's Euro Stoxx Index Breakout: Bullish Momentum Above 5500

- EURO STOXX 50 Index successfully broke above its long-term horizontal resistance (the 4,500 level) in early 2024, confirming a bullish structural shift as it rallied toward the 5,800 mark. Following this breakout, the index established a well-defined ascending channel, maintaining a strong upward trajectory throughout 2024 and 2025. This move delivered a significant double-digit return while establishing firm support above the 5,500 mark. The uptrend remains intact as long as the index sustains its position within this rising channel, signalling continued strength heading into 2026.
- The RS-Ratio line against the DJIA has transitioned to an upward tilt in late 2025, indicating that the Euro Stoxx is now outperforming the DJIA. This positive shift in relative strength, paired with the price breakout, confirms that the Eurozone benchmark has reclaimed its lead over its US counterparts for the current cycle.

Source: Bloomberg, Axis Securities.

Japanese Nikkei 225 Outlook: Bullish Breakout Above Major Resistance

- The Nikkei 225 Index, on a monthly chart, decisively broke above the 40,000 resistance level in early 2025, which has now transitioned into a significant support zone. Following a period of consolidation throughout 2024, the index entered a parabolic phase in late 2025, delivering an exceptional 26.4% return for the year. The uptrend remains robust as the index trades at historic highs, with the 50,000 level now serving as a new psychological floor for future gains.
- The RS (Relative Strength) line broke above its downward-sloping consolidation channel in mid-2025 and is currently trending sharply upward. This indicates that the Nikkei 225 is significantly outperforming the DJIA, reclaiming its status as a leading global performer.

Japan's NIKKIE 5 – Monthly Chart



Hong Kong's Hang Seng – Monthly Chart



Hang Seng's: Structural Breakout Signals a New Leadership Cycle

- The Hang Seng Index decisively broke above its multi-year consolidation range of 14,500–23,000 in early 2025, signalling a major shift in market sentiment. Building on its late 2024 recovery, the index maintained strong upward momentum throughout the first three quarters, delivering an impressive 28.7% YTD gain in 2025. Despite some late-year volatility and a brief retest of support near 26,000, the index continues to trade at levels not seen in years, currently holding near the 25,600 zone.
- The RS (Relative Strength) line against the Dow Jones Industrial Average (DJIA) has successfully broken its flat consolidation and is now sloping upward. This indicates a period of clear outperformance for the Hang Seng Index relative to its global benchmarks.

Source: Bloomberg, Axis Securities.



Macro Economic Outlook - 2026

Capturing India's Next Growth Phase

- ☑ **Faith in India's Growth Story Continues:** The Indian economy continues to be a 'star-performing' economy compared to other emerging markets. Moreover, we firmly believe it will likely continue its growth momentum in 2025 and remain the land of stability against the backdrop of a volatile global economy. Political stability after state elections and expected fiscal support are boosting confidence. Overall, the growth prospects are likely to improve in the forthcoming quarters. FY26 is expected to be better than FY25, driven by fiscal tailwinds, private capex revival, and easing credit conditions post-CRR cuts.
- ☑ **Earnings-Led Market Transition:** Indian equities are entering an inflexion point in 2026, shifting from liquidity-driven returns to an earnings-led cycle, with corporate profit growth expected to accelerate to 12–15% YoY over FY26–27, driving medium-term market upside.
- ☑ **Resilient Domestic Growth Engine:** GDP growth remains robust, supported by strong consumption, policy continuity, and improving fiscal discipline, positioning India as one of the few large economies where cyclical recovery aligns with long-term structural growth.
- ☑ **Global Capital Rotation Tailwinds:** A potential unwinding of crowded US AI trades and easing global monetary conditions could redirect flows toward high-growth, valuation-sensitive markets, benefiting Indian large-caps and quality mid-caps.
- ☑ **Macro Stabilisers in Place:** While rupee volatility and trade uncertainty persist, expectations of currency stabilisation, RBI policy support, sustained domestic liquidity flows, and progress on US–India tariff resolution provide downside protection.
- ☑ **Selective, Quality-Led Strategy:** 2026 is expected to reward financials, domestic consumption, capital-intensive cyclicals, and defensives, with a focus on earnings visibility, balance-sheet strength, and pricing power.
- ☑ **Macro Challenges:** Delays in US–India tariff resolution, rupee weakness, higher inflation, global risk-off sentiment, and slower-than-expected earnings recovery remain key risks.
- ☑ **Nifty Base-Case Target: 28,100 by Dec'26 (20x Dec'27 earnings); Strategy: Buy on dips with a 12+ month horizon.**

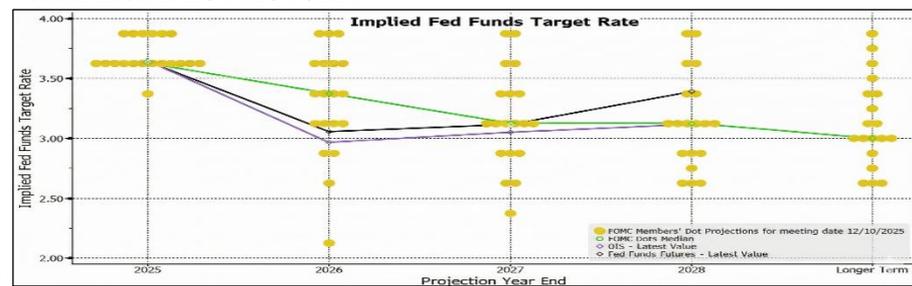
US Federal Reserve Bank(Fed)–Bank of Japan(BoJ) Rate Divergence: Implications for Global Flows

- **BoJ Policy Pivot:** On 19th December, 2025, the BoJ raised its policy rate to a 30-year high of 0.75%, signalling the potential for further hikes in 2026 as inflation approaches the target and growth conditions improve.
- **Fed Turns Cautious:** The Fed cut rates by 25 bps to 3.50%–3.75% in Dec'25, the lowest since 2022. While the Dot Plot implies just one additional cut in 2026, Fed Funds futures are pricing a deeper 50 bps easing, compressing yield differentials.
- **Market Impact & Nifty Resilience:** The narrowing rate spread is driving carry-trade unwinds and intermittent FII outflows across EMs. Despite this, the Nifty 50 continues to attract buying near the 25,000 zone, with the 200-day EMA providing a key medium-term **support floor**.

Fed Fund Rate vs BoJ Policy Rate



Federal Reserve DOT PLOT Chart



- **Yen Carry Trade Explained:** The yen carry trade involves borrowing at Japan's ultra-low interest rates and investing in higher-yielding global assets. While profitable during stable currency phases, it is vulnerable to sharp losses if the yen strengthens suddenly, increasing repayment costs.
- **BoJ Policy Rate Impact:** A low BoJ policy rate keeps funding costs cheap and supports the carry trade, whereas rate hikes tend to strengthen the yen and trigger unwinding of leveraged positions.
- **Fed Funds Rate Impact:** Higher U.S. rates widen the yield gap, boosting the attractiveness of the yen carry trade; rate cuts compress returns and raise the risk of position unwinds.
- **Fed Funds Futures vs FOMC Dot Plot:** These indicators reflect market versus policymaker expectations on U.S. rates. Any divergence between the two often signals repricing risk and potential volatility across global assets.

Source: Bloomberg, Axis Securities.



Index Outlook - 2026

Will Nifty Sustain All-Time High (ATH)?

Nifty 2026: Assessing the Sustainability of All-Time High

✓ Historical Data Signals 74% Probability of Sustained Post-ATH Rally

- Historical backtesting since 2000 shows **19 instances** of all-time highs, where a monthly close above ATH delivered an **average rally of 20% with a 74% probability**, while post-ATH phases typically witnessed near-term average drawdowns of 3.5%–8% over 1–3 months.
- Incorporating this study into the current setup, aligning it with technical analysis, a sustained move above 26,500 could trigger **an upside towards 27,500 and 28,500**. However, a failure to decisively clear 26,500 and a break below 25,700 may lead to profit booking towards **25,000 (200 EMA) and 24,500**, making accumulation on a dip a prudent strategy.

✓ Nifty Strategy: Accumulate on dips between 25,500-25,000 zone for an upside target of 27,500 and 28,500 levels, with 26,500 acting as the critical trigger.

- 1st Target @27,500** - Upper band of rising channel since start of Sep'25 (channel mark in red) and **2nd Target @28,500** - Upper band of rising channel since Mar'25.
- 1st Support @25,000** - 200 EMA place at 25,066 and **2nd Support @24,500** - Swing low of Aug and Sep'25 place at 24,228 and 24433, respectively. (25,700 acting as immediate support)

Nifty ATH Backtesting Result

Back Testing Result of ATH	
Instance of previous ATH	19
Positive Return	14
Probability	74%
Previous ATH form in Sep, 2024	26277
Average Positive Return Post ATH Breakout (1 Year)	20.0%
Potential 1 Year Return from ATH breakout @26277	31532
Average Drawdown if Price not sustain above ATH (1 Year)	12%
Potential Downside	23124
Medium Term Levels-Technically, the Nifty is poised for a structural move toward the 30,000 mark, aligning with the upper band of its multi-year rising channel since Mar,2020, while the strong bullish gap at 23,207 from April 2025 serves as a definitive long-term safety floor.	

Data: Look back period since 1996.

Nifty Support for Buy on Dips Strategy



Source: LSEG-Refinitiv, Axis Securities

Nifty Peak–Troughs Structure (Post-2020 Covid Low) Suggests Major Correction is Over

- Since the Mar'20 low of 7,511, Nifty has undergone nine corrective phases, averaging ~11% declines, each followed by an average rally of 26%, underscoring the index's resilient long-term structure. During this period, the maximum drawdown was capped at 18%, while the strongest upside move reached 43%.
- Most recently, Nifty corrected ~17% from 26,277 to 21,744 (Apr'25) and has since rallied ~21% till Jul'25, forming a fresh all-time high of 26,326. This closely mirrors the 2021–22 pattern, where an 18% correction was followed by a 19% rally, a 7% pullback, and then a 13% bounce.
- The current technical setup points to a similar trajectory. A failure to decisively break above 26,500, followed by a break below 25,700, could trigger near-term profit booking towards 25,000, roughly 5% below the recent ATH. However, a sustained breakout above 26,500 would likely open the door to the identified upside targets.

NIFTY Peaks and Troughs Table Since Mar'20

Date	Low-High	High-Low	Return	Positive Return	Negative Return	Date	Low-High	High-Low	Return	Positive Return	Negative Return
03/24/2020	7511	9889	32%	32%		09/30/2022	16747	18887	13%	13%	
04/30/2020	9889	8807	-11%		-11%	12-01-2022	18887	16828	-11%		-11%
05/18/2020	8807	11794	34%	34%		03/20/2023	16828	20222	20%	20%	
08/31/2020	11794	10790	-9%		-9%	09/15/2023	20222	18857	-7%		-7%
09/24/2020	10790	15431	43%	43%		11-03-2023	18857	23338	24%	24%	
02/16/2021	15431	14151	-8%		-8%	06-03-2024	23338	21281	-9%		-9%
04/22/2021	14151	18604	31%	31%		06-04-2024	21281	26277	23%	23%	
10/19/2021	18604	15184	-18%		-18%	09/27/2024	26277	21744	-17%		-17%
06/17/2022	15184	18096	19%	19%		04-07-2025	21744	26326	21%	21%	
09/15/2022	18096	16747	-7%		-7%	12-01-2025	26326	26130	-1%		-1%
Average positive return since 2020				26%	-11%	Average negative return since 2020					
Max positive return since 2020				43%	-18%	Max negative return since 2020					
Min positive return since 2020				13%	-7%	Min negative return since 2020					

India VIX Hit a Fresh Record Closing Low

Date	VIX-low between 10-8 range	Nifty Max decline in next 1 Month	Nifty Max decline in next 3 Month	Nifty Return in next 1 year
25-05-2008	8.7	-16.4	-18.8	-1.5
30-11-2014	9.3	-4.5	-4.5	4.1
30-04-2017	9.9	-0.2	-0.2	19.0
24-06-2018	9.8	-1.0	-1.0	10.2
21-07-2019	9.2	-5.2	-5.2	8.2
15-08-2021	10.0	-0.5	-0.5	10.9
28-05-2023	8.2	0.2	0.2	24.1
29-09-2024	9.0	-7.6	-10.1	-2.1
Average		-4.4	-5.0	9.1

Fear Gauge at the Floor — Too Quiet to Ignore.

- India VIX, or the Volatility Index, measures the expected short-term market volatility based on Nifty options, often referred to as the “investor fear gauge. India VIX hit a fresh closing low of 9.71 on 18th December, 2025, and is now hovering in the 8–10 range, indicating subdued volatility.
- Backtested data shows that when VIX trades in this range, Nifty often sees a short-term correction of 4–5% over 1–3 months, while delivering a yearly average return of ~9.1% YoY and the highest return of ~ 24% in one year. This supports our technical view of near-term profit booking towards 25,000, which also provides a good accumulation level for the next rally.

Source: Bloomberg, Axis Securities.

CMP: 26130

Support: 25000-24500-23200

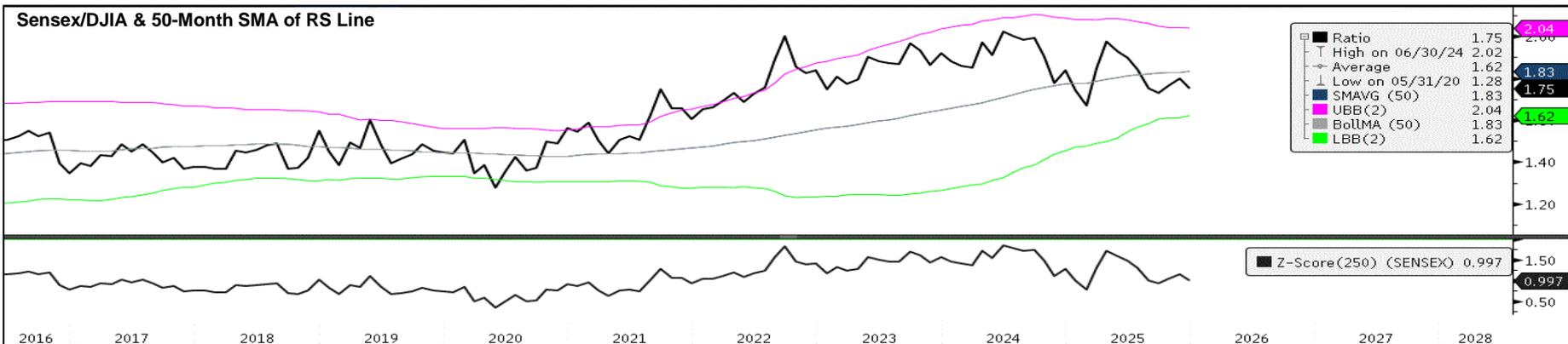
Resistance: 27500-28500-30000

- In 2025, the Nifty registered a fresh all-time high at 26,326 after correcting nearly 17% from the Sep'24 peak of 26,277. The index successfully defended the lower band of its medium-term rising channel in Apr'25 and staged a strong rebound, reaffirming the broader uptrend.
- A sustained breakout above 26,500 could unlock further upside toward 27,500, aligning with the 50% Fibonacci extension of the Jun'22–Sep'24 rally, with scope to extend toward 28,500 near the upper boundary of the rising channel.
- On the downside, a close below 25,700 may trigger a corrective move toward 25,000, with deeper support seen near 24,500.
- Strategy remains Buy on Dips, with accumulation in the 25,500–25,000 zone offering an attractive risk–reward as long as the medium-term trend stays intact.



Z-Score Analysis – Resistance & Support: Yearly: 99,000 / 77,000 | Medium-Term: 93,000 / 80,000

- **RS-Ratio:** The Relative Strength (RS) ratio evaluates a security's price performance against a benchmark index, indicating outperformance when trending upward. **This analysis leverages monthly data from the Sensex and Dow Jones Industrial Average, spanning back to 1988.**
- **Z-Score:** The 50-month SMA smooths out trends in the RS line, while the Z-Score quantifies deviations from the average, identifying overbought or oversold conditions. Upper Bollinger Band (UBB) and Lower Bollinger Band (LBB) represent two standard deviations from the 50-month SMA (back tested), providing a statistical range around the mean.



- **Z-Score Signal:** The Z-Score stands at 0.9, placing the RS line on the verge of crossing above its 50-month SMA—a potential medium- to long-term momentum inflexion point.
- **RS Ratio Back-Test Insight:** Since 1984, similar breakouts have delivered ~15.7% average returns at $+1\sigma$, with failed signals capped at ~7.5% drawdowns 1σ below SMA. Extensions to $+2\sigma$ have generated ~27% returns.
- **Key Levels – Current Sensex Setup (Nov'25 close: 85,707):** A confirmed RS breakout implies an upside to ~99,200 (+15%), with intermediate resistance at ~93,000 (+9%), the upper band of the medium-term channel since Mar'25. Downside risk remains contained near ~79,300 (-7.5%), aligning with the Aug–Sep'25 monthly lows.
- **Overall, the setup offers a favourable risk–reward skew, with upside potential materially outweighing downside risk.**

Source: Bloomberg, Axis Securities.

CMP: 85220

Support: 83500-80000-77000

Resistance: 89000-93000-99000

- In 2025, the **Sensex hit a fresh all-time high of 86,159** following a 20% correction from the Sep'24 peak of 85,978. The index successfully defended the lower band of its medium-term rising channel in Apr'25 and staged a sharp rebound, reaffirming the broader uptrend.
- A sustained breakout above **86,160** could pave the way for further gains toward **88,953**, aligned with the 50% Fibonacci extension of the Jun'22–Sep'24 rally, with potential to extend toward **93,000** at the upper boundary of the rising channel from Mar '25.
- On the downside, a close below **84,000** may trigger a pullback toward **79,800**, with deeper support near **77,000**.
- **Strategy remains “Buy on Dips”, with accumulation in the 82,000–80,000 zone** offering a compelling risk–reward as long as the medium-term trend holds.

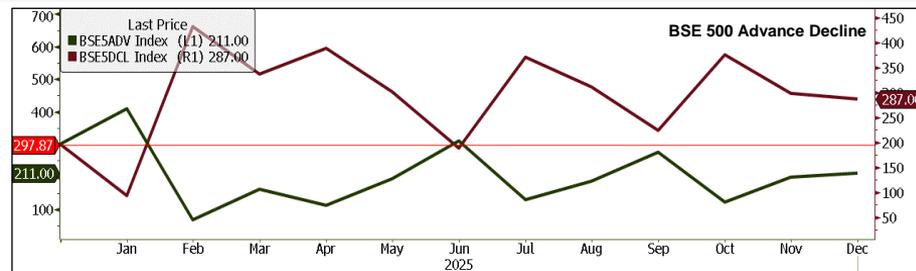


- Bank Nifty has surpassed last year's high of 54,467, **reaching a new peak at 60,114**, indicating robust bullish momentum. Since Sep'22, the index has been trending within a rising channel, recently rebounding from its lower band and heading towards the upper band.
- **If the index holds above 60,200**, it could target the upper boundary at **63,500**, with a breakout potentially extending gains to **66,800-68,500**, while a **break below 57,600** may lead to a decline toward **56,900-56,000**.
- On the monthly chart, Bank Nifty's relative strength (RS line) versus Nifty has broken out of a symmetrical triangle, signalling renewed strength and potential outperformance. **Bank Nifty has already outperformed Nifty this year and is well-positioned to continue its outperformance into 2026.**
- With Bank Nifty's long-term uptrend intact, 'buying-on-dips' remains the preferred strategy.



BSE Midcap and Smallcap Outlook

- BSE Midcap Index:** The BSE Midcap Index has been consolidating since 2005 within a broad 49,700–37,200 range. Over the last seven months, price action has tightened into a narrow 47,500–44,000 band, indicating compression. The index continues to hold above the 38.2% Fibonacci retracement of the Mar'20–Sep'24 rally at 34,400, a key medium-term support. A decisive breakout above 49,700 is required to resume the uptrend. On the downside, a break below 44,000 may drag the index towards 37,200, with further weakness triggering deeper profit-booking.
- BSE Smallcap Index:** The BSE Smallcap Index is consolidating within a broad 19,716–14,084 range, indicating base formation. It continues to hold above the 38.2% Fibonacci retracement of the Mar'20–Dec'24 rally at 13,400, which acts as a key medium-term support. In the short term, the index is forming a brief falling channel over the last seven sessions. A breakout above 18,500 could push the index towards 19,716, with a decisive move above this level opening further upside. Conversely, a break below 16,800 may drag the index towards 14,084, below which a deeper correction could unfold.



Market Breadth Weakens at All-Time Highs — Confirmation Needed.

- BSE 500 Member Stock Above 200-day SMA:** Only 48.7% of BSE 500 stocks are trading above their 200-day SMA, after recently rebounding from the 10%–20% zone; a move above 50% is needed to build conviction for a sustained move above all-time high.
- BSE Advance Decline:** The advance–decline ratio remains weak, with decliners outpacing advancers in November and December when the index makes a fresh All-time high. **The lack of breadth confirmation at all-time highs** on the index points to potential near-term profit booking towards the 25,500–25,000 zone, which should offer a strong buying opportunity.

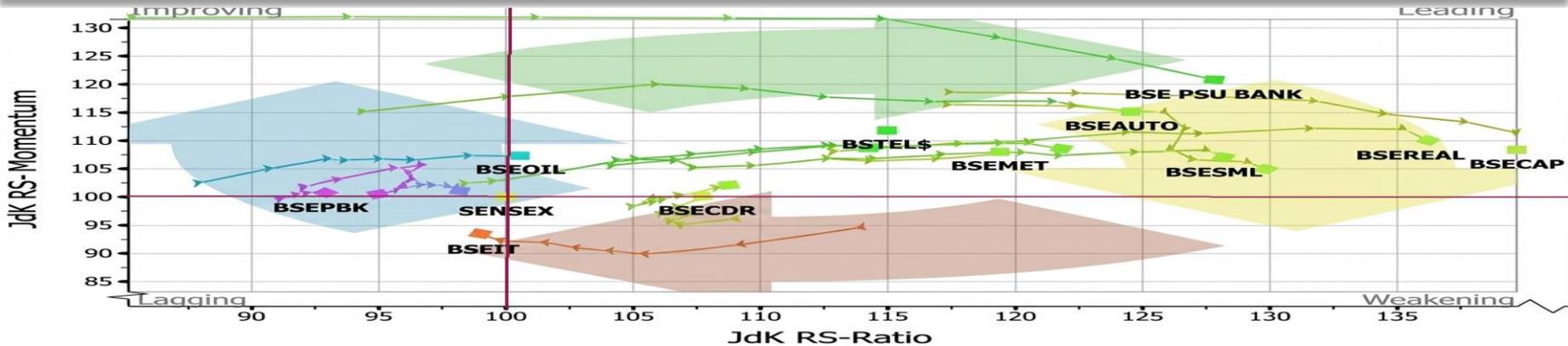
Source: Bloomberg, Axis Securities.



Sector Analysis - 2026

Technical RRG Analysis – Sector Rotation (Yearly Analysis)

- **Leading Sectors:** BSE Healthcare, Auto, Telecom, Realty, Metals, and PSU Banks continue to exhibit strong relative strength and momentum, firmly positioned in the Leading quadrant, signalling sustained market leadership. The Power sector remains in the Leading quadrant but is showing early signs of momentum loss. Meanwhile, Oil & Gas is on the verge of entering the Leading quadrant, indicating improving relative performance.
- **Lagging Sectors:** BSE IT and FMCG are close to slipping into the Lagging quadrant, suggesting potential underperformance versus the benchmark Sensex.
- **Broader Market:** BSE Midcap and Smallcap indices remain in the Leading quadrant; however, momentum has flattened, pointing to a phase of consolidation or a pause before resuming the medium-term uptrend.



Source: Bloomberg, Axis Securities

Fundamental Outlook - Five Golden Themes for the Year 2026

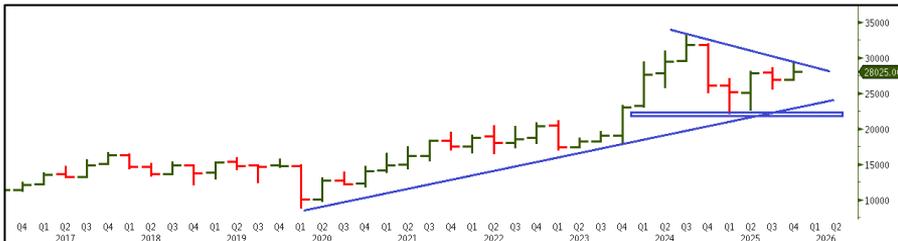
- (1) **Financials** are positioned to benefit from credit expansion and the interest rate cycle.
- (2) **Domestic consumption-driven companies** are capturing India's growth momentum.
- (3) **Selective cyclicals** aligned with the commodity supercycle
- (4) **Healthcare** provides a defensive and stabilising portfolio anchor.

BSE Metal Quarterly Chart (Neutral)



The BSE Metal Index is trading in a medium-term rising channel and has taken support at the lower band. A decisive close above 35,200 would confirm a rounded bottom and open upside toward 44,500. RS line turns flat as an immediate breakout is needed above the 35,200 level.

BSE Oil-Gas Quarterly Chart (Bullish)



The index faced resistance at the upper band and booked profits but held support at the lower band. A close above 28,550 could drive it toward 32,000–36,000, with 24,000 as support. It remains in the Leading quadrant on the RRG, though the RS line must break its downward trend

BSE Healthcare Quarterly Chart (Bullish)



After a sharp rally, the BSE Healthcare Index is consolidating in a narrow range, suggesting a healthy pause. The RS line has flattened but remains above its previous swing high, indicating underlying strength and signalling a likely continuation of the uptrend upon a breakout from the consolidation zone.

BSE Auto Quarterly Chart (Bullish)



The BSE Auto Index is consolidating between 62,500 and 45,000 above its medium-term uptrend. A close above 62,500 would resume the uptrend, while 45,000 provides support, which is a confluence of the lower band of consolidation and the medium-term trendline. The RS line is flat, awaiting a breakout.

BSE Power Quarterly Chart (Neutral)



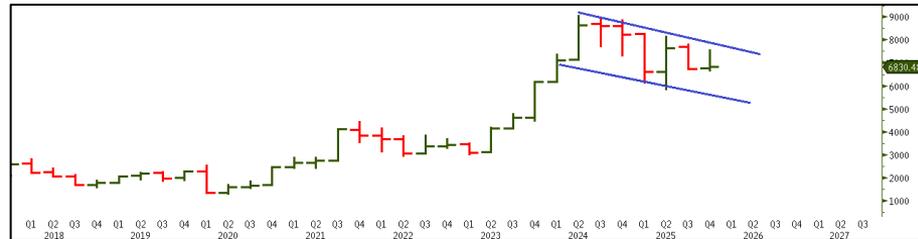
The BSE Power Index saw 19% profit booking in Q4 2024 and is now consolidating between 7,150–6,000. A decisive close above 7,150 could challenge its all-time high, while a break below 6,000 may push it toward 5,500–5,000. The RS line is trending downward, indicating a loss of momentum (RRG Analysis)

BSE Consumer Durable Quarterly Chart (Neutral)



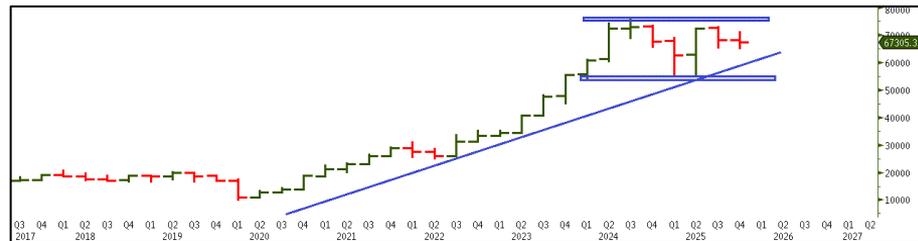
BSE Consumer Durables remain in a strong uptrend but have consolidated for six quarters. A breakout above 69,044 would resume the uptrend, with support at 52,000. The RS line has flattened, reflecting consolidation, and the sector awaits a decisive move to signal renewed momentum.

BSE Realty Quarterly Chart (Neutral)



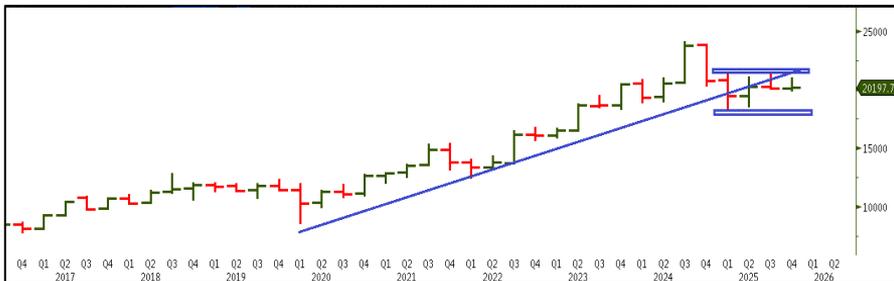
The BSE Realty Index broke above its multi-year high of 4,600 in 2024 and delivered a strong 35% rally. Following the sharp advance, the sector has seen profit booking and is currently consolidating. A decisive close above the falling channel near 7,700 would likely revive upside momentum. While the RS line is tilting downward, it remains above the previous swing high of 15.

BSE Capital Goods Quarterly Chart (Neutral)



The index remains in a strong uptrend but has entered a consolidation phase following a sharp rally. A close above the swing high of 76,272 is expected to resume the uptrend, with 55,575 acting as support. While the market remains in an uptrend, the RS line has flattened, indicating consolidation.

BSE FMCG Quarterly Chart (Neutral with Downward Bias)



The index broke below in Q1 2025 and is now consolidating between 21,500–18,400. A breakout from this zone will set the next direction, while the RS line indicates likely underperformance versus the benchmark. Momentum remains weak, suggesting caution for near-term investors.

BSE IT Quarterly Chart (Neutral with Downward Bias)



The BSE IT Index broke down sharply in Feb'25, hitting a 52-week low of 30,458, and is now consolidating in a recovery range of 33,000–39,000. Investors should remain selective and cautious in stock selection.

Decoding Sector Trends: Leaders, Laggards, and Emerging Opportunities

Advanced RRG analysis combined with traditional charting techniques & fundamental view provides a nuanced perspective on sector performance.

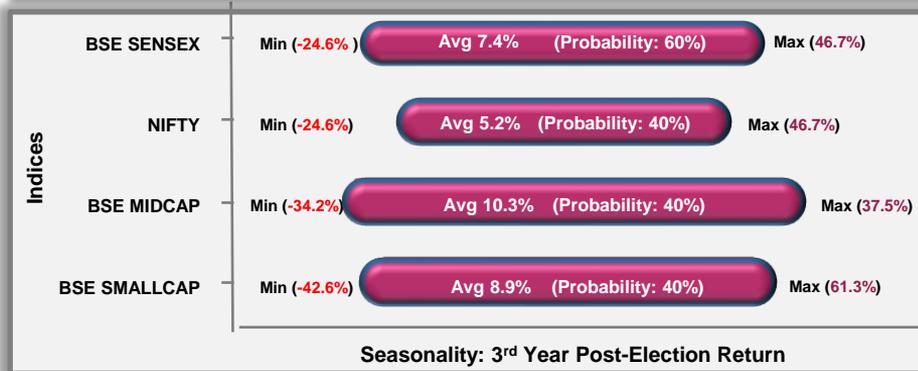
- ✓ **Uptrend Sectors:** **BSE Healthcare, Auto, Metals, and Telecom** continue to exhibit strong uptrends, supported by RRG positioning and technical strength.
- ✓ **Lagging Sectors:** **BSE IT** and **FMCG** are on the verge of moving into the lagging quadrant on RRG. Technically, both are consolidating after a decline, and a breakout on either side will define the next directional move.
- ✓ **Broader Markets:** **BSE Midcap and Smallcap** indices have turned flat on RRG and are consolidating on charts; a decisive breakout from the consolidation zone could pave the way for a resumption of the medium-term uptrend
- ✓ **Conclusion:** *Overall, the market setup remains selectively bullish, with sector rotation and stock-specific opportunities likely to drive returns in the coming phase.*

Source: Bloomberg, Axis Securities

- **Quarterly Cyclicity:** Historically, the January–March period is the weakest, with the Sensex averaging -1.6%, while the April–June quarter serves as a robust recovery window with a (+6.0%) average return and a high 78% win probability.
- **Sectoral Performance:** Momentum typically carries into July–September, led by BSE IT (+7.1%), before moderating in October–December to a (+1.8%) return, where Bankex (+4.8%) emerges as a key defensive outperformer.
- **3rd Year Post-Election Cycle Strength:** This seasonality is reinforced by the 3rd-year post-election bias, which historically delivers a (+7.4%) average return for the Sensex since 1980 and significant outperformance in the BSE Midcap (+10.3%) and Smallcap (+8.9%) indices since 2004.
- **Conclusion:** The convergence of these patterns identifies the Q1 period (January–March) as a high-conviction "Accumulation Zone" to capture the structural outperformance of Midcaps and the benchmark indices typically seen during the high-probability Q2 (April–June) surge.

INDEX/ BSE SECTORS	Quarterly Seasonality Analysis							
	Jan-Mar		Apr-Jun		Jul-Sept		Oct-Dec	
	Average (%)	Win-Loss	Average (%)	Win-Loss	Average (%)	Win-Loss	Average (%)	Win-Loss
BSE SENSEX	-1.57	50%	6.0	78%	3.3	67%	1.8	61%
NIFTY	-1.23	50%	5.6	72%	3.5	72%	1.7	56%
BSE MIDCAP	-3.97	44%	8.9	56%	4.4	61%	2.3	67%
BSE SMALLCAP	-6.49	39%	10.7	56%	4.3	61%	2.1	67%
BANKEX	-2.1	44%	8.0	78%	2.8	56%	4.8	61%
BSE METAL	-2.2	56%	6.5	44%	1.6	67%	3.6	67%
BSE AUTO	-1.7	44%	9.2	67%	7.0	72%	2.3	67%
BSE FMCG	0.0	44%	6.3	78%	5.2	67%	0.8	50%
BSE TELECOM	-5.3	39%	6.2	67%	1.1	50%	1.4	50%
BSE IT	-0.2	50%	3.7	56%	7.1	72%	3.7	67%
BSE OIL-GAS	-1.2	44%	4.8	61%	2.6	61%	0.3	56%
BSE HEATHCARE	-1.7	39%	7.4	78%	6.5	72%	2.1	67%
BSE CAPITAL GOODS	-2.2	39%	11.5	72%	0.5	56%	2.0	50%
BSE CD	-0.7	44%	8.2	72%	7.3	61%	1.9	56%
BSE POWER	-3.0	44%	5.8	56%	1.0	50%	1.0	56%
BSE REALTY	-7.3	33%	8.9	56%	0.6	44%	2.5	50%

Post-Election Seasonality- Sensex (since 1980), Nifty (since 1996), and BSE Midcap & Smallcap indices (since 2004).



- Seasonality Analysis examines historical performance patterns over specific timeframes, identifying recurring trends and probabilities to predict potential market movements. It reveals predictable behaviors driven by factors like earnings cycles, seasonal demand, or economic events. By studying these patterns, investors can improve decision-making, optimize timing, and manage risks effectively. While it's a valuable tool, it should be used alongside other analyses, as past trends may not always repeat.

Source: LSEG-Refinitiv, Axis Securities.



Stock Investment Ideas Year-2026

We suggest buying and accumulating the stocks in the mentioned range for a potential upside of 20% - 50%.

STOCK	BUY Range	CMP	Target First	Target Second	Upside (%)	Support
Bharat Forge Ltd	1440-1380	1470	1700	1865	21-32	1350-1260
Canara Bank Ltd	150-140	155	180	215	24-48	135-125
Glenmark Pharmaceuticals Ltd	2000-1850	2035	2300	2550	19-32	1800-1600
Hindustan Copper Ltd	485-415	518	600	700	33-56	380-350
Larsen and Toubro Ltd	4040-3750	4083	4500	4850	16-25	3720-3630
Mahindra and Mahindra Financial Services Ltd	385-335	403	450	555	25-54	335-300
Navin Fluorine International Ltd	5800-5400	5920	6550	7250	17-29	5200-5000
Sagility Ltd	51-47	52	60	70	22-43	42-38
SBI Life Insurance Company Ltd	1980-1870	2035	2330	2550	21-32	1800-1700
Titan Company Ltd	4000-3800	4051	4500	5000	15-28	3650-3530

CMP as of 31st December, 2025.

BHARATFORG | CMP: 1470 | Rec. Price: 1440-1380 | Target: 1700-1865 | Upside: 21%-32% | Trend Reversal:1260

- The BSE Auto Index, after a sharp rally, is consolidating near a potential breakout zone, with select stocks already showing early breakout signals. Bharat Forge remains in a medium-term uptrend on the quarterly chart and recently saw profit booking after the Jun'24 high. The stock found strong support near the 50% Fibonacci retracement of the Jun'20–Jun'24 rally around 1,003 and rebounded decisively.
- A breakout above the highs of the last three quarters and a strong bounce from key support signal a trend reversal, positioning the stock for a move toward—and potentially beyond its all-time highs. Quarterly RSI crosses above its reference line, hence generating a medium-term buy signal.

Bharat Forge Ltd. | Quarterly Chart | BHARATFORG | Sector: Auto



Canara Bank Ltd. | Quarterly Chart | CANBK | Sector: PSU Bank



CANBK | CMP: 155 | Rec. Price: 150-140 | Target: 180-215 | Upside: 24%-48% | Trend Reversal: 125

- The BSE PSU Bank Index remains in a medium-term uptrend, marked by a consistent higher high–higher low structure, reflecting a positive bias. Canara Bank (CANBK) is exhibiting a strong quarterly uptrend, maintaining its structure above a rising medium-term trendline.
- The stock has recently broken above a key multi-year resistance in place since early 2011, signalling continuation of the broader uptrend. This former resistance is now expected to act as support, in line with the principle of polarity. Additionally, the quarterly RSI holding above its reference line reinforces bullish momentum and a positive bias. Overall, the technical setup indicates sustained strength with potential for further upside over the medium term.

GLENMARK | CMP: 2035 | Rec. Price: 2000-1850 | Target: 2300-2550 | Upside: 19%-32% | Trend Reversal: 1600

- The BSE Healthcare Index, after a sharp rally, has entered a consolidation phase; however, select stocks are beginning to show early breakout signals and are poised to emerge as sector leaders. GLENMARK, on the yearly chart, has decisively broken above a long-standing consolidation that persisted since 2005, followed by a strong rally. The former upper band of this range, previously acting as resistance, is now expected to serve as a long-term support base, in line with the principle of polarity.
- On the quarterly timeframe, the stock has been forming a higher high-higher low structure since 2020, indicating a strong medium-term uptrend. Post-breakout, the stock is expected to sustain and extend its medium-term upward momentum. This structural shift strengthens the long-term bullish outlook and positions the stock favorably within the healthcare space.

Glenmark Pharmaceuticals Ltd. | Yearly Chart | GLENMARK | Sector: Healthcare



Hindustan Copper Ltd. | Quaterly Chart | HINDCOPPER | Sector: Metal



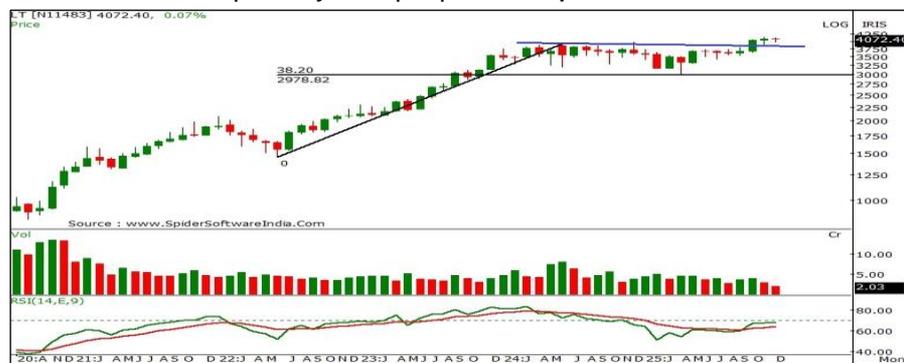
HINDCOPPER | CMP: 518 | Rec. Price: 485-415 | Target: 600-700 | Upside: 33%-56% | Trend Reversal: 350

- The BSE Metal Index, on the quarterly chart, is trending within a medium-term upward sloping channel since 2020, indicating a positive bias and a move toward the upper band. Recently, the index found support at the lower band and rebounded sharply after forming a hammer pattern, signalling strength. A breakout above the previous swing high near 35,000 further confirms continuation of the medium-term uptrend.
- Hindustan Copper has broken above a key multi-year resistance at 350, in place since early 2011. This former resistance is now expected to act as a strong support due to the principle of polarity, while rising volumes validate the breakout and signal increased market participation. Quarterly RSI has given a crossover above its reference line, hence generating a buy signal.

LT | CMP: 4083 | Rec. Price: 4040-3750 | Target: 4500-4850 | Upside: 16%-25% | Trend Reversal: 3630

- The BSE Capital Goods, after a sharp rally, has entered a consolidation phase since Jun'24. L&T has demonstrated significant relative strength by breaking out of its 3,150–3,900 consolidation in Oct'25, well ahead of the broader Capital Goods index. This move is supported by a robust higher high–higher low structure maintained since 2020, signalling a powerful long-term uptrend.
- The stock's ability to defend the 38% Fibonacci retracement of a rally from Jun'22 till Jun'24 (1,457-3,949) placed at 3,190, underscores deep accumulation and a solid support base. Monthly RSI is moving upward, indicating a positive bias. Currently, sustaining above the breakout zone, L&T appears poised for a steady climb toward new historical highs.

Larsen & Toubro Ltd. | Monthly Chart | LT | Sector: Capital Goods



Mahindra & Mahindra Financial Services Ltd. | Monthly Chart | M&MFIN | Sector: NBFC



M&MFIN | CMP: 403 | Rec. Price: 385-335 | Target: 450-555 | Upside: 25%-54% | Trend Reversal: 300

- M&M Financial Services (M&MFIN) has entered a high-conviction growth phase after delivering an exceptional 71% CAGR rally from 2020 to 2023. Following a rigorous 30-month consolidation between 231 and 337, the Nov'25 breakout—characterised by a decisive monthly bullish candle—signals the start of a fresh medium-term uptrend.
- This structural shift is confirmed by surging volume and a multi-year breakout, indicating a surge in demand at the breakout level. With the Monthly RSI generating a proactive buy signal via a bullish crossover and a clear breach of its downward-sloping trendline, the price action confirms a breakout. Currently, sustaining above the breakout zone, M&MFIN is technically positioned to continue its post-breakout rally.

NAVINFLOUR | CMP: 5920 | Rec. Price: 5800-5400 | Target: 6550-7250 | Upside: 17%-29% | Trend Reversal: 5000

- NAVINFLOUR has entered a high-conviction growth phase after a strong rally between 2013 and 2021, followed by a disciplined multi-year consolidation in the 3,000–5,000 range since May'21. The Oct'25 breakout, marked by a decisive bullish monthly candle, signals the onset of a fresh major bull cycle.
- The stock continues to respect a long-term upward-sloping trendline in place since 2014, reinforcing structural strength. The all-time high breakout is supported by a sharp surge in volumes, indicating strong institutional participation. The monthly RSI near 71 has delivered a proactive buy signal and decisively broken its medium-term resistance. Sustained trading above the breakout zone positions the stock well for a strong and durable uptrend.

Navin Fluorine International Ltd. | Quaterly Chart | NAVINFLOUR | Sector: Speciality Chemicals



Sagility Ltd. | Monthly Chart | SAGILITY | Sector: IT Enabled Services



Sagility | CMP: 52 | Rec. Price: 51-47 | Target: 60-70 | Upside: 22%-43% | Trend Reversal: 38

- Since its Nov'24 listing, SAGILITY has transitioned from a volatile price-discovery phase into a clear structural uptrend, confirming a major falling trendline breakout in Oct'25. The stock is holding firmly above the 47–50 support zone, supported by rising volumes, indicating strong participation at the breakout.
- This monthly breakout reinforces the bullish structure and opens the door for a sustainable move toward 61 and 70 as the new uptrend gains momentum. Dips toward the support zone may offer favourable accumulation opportunities in the medium term.

SBILIFE | CMP: 2035 | Rec. Price: 1980-1870 | Target: 2330-2550 | Upside: 21%-32% | Trend Reversal: 1700

- BSE Financial Services Index is trending in a medium-term rising channel. Recently, it took support at the lower band and bounced back. On the quarterly chart, SBILIFE continues to exhibit a strong long-term structural uptrend, trading within a well-defined rising channel since early 2017. The stock has recently staged a decisive breakout from a one-year consolidation, surpassing the key resistance at 1,935 and moving close to its all-time high of 2,085. This breakout is supported by a bullish Monthly RSI, confirming underlying momentum.
- The former resistance at 1,935 is now expected to act as a strong support, in line with the principle of polarity. Technically, the setup remains constructive, with the stock recently bouncing from the lower band of the channel and now progressing toward the upper band. Overall, price structure and momentum indicators point to sustained strength and further upside potential

SBI Life Insurance Company Ltd. | Quarterly Chart | SBILIFE | Sector: Life Insurance



Titan Company Ltd. | Monthly Chart | TITAN | Sector: Consumer Durables



TITAN | CMP: 4051 | Rec. Price: 4000-3800 | Target: 4500-5000 | Upside: 15%-28% | Trend Reversal: 3530

- The BSE Consumer Durables Index remains in a long-term uptrend and, after six quarters of consolidation, is beginning to show early signs of renewed strength. On the monthly chart, TITAN continues to display a robust medium-to-long-term uptrend, trading within a well-defined rising channel.
- The stock has recently delivered a decisive breakout from a major rectangle formation, surpassing the key resistance at 3,850. It is now sustaining near its all-time high of 3,962, highlighting strong underlying momentum. A recent bounce from the lower band of the channel further reinforces the bullish structure. Technically, the setup suggests a continuation of the uptrend, with the stock likely to move toward the upper band of the channel. Overall, the price structure and momentum indicators point to sustained leadership potential.



Outlook for Other Asset Classes

FTSE/Core Commodity CRB Index (CRY)

- The FTSE/Core Commodity CRB Index is a diversified benchmark representing 19 commodities organized into four distinct groups- Agriculture: 41% (includes Softs and Produce), Energy: 39% (includes Petroleum products and Natural Gas), Metals: 20% (split between Precious Metals at 7% and Industrial/Base Metals at 13%), Livestock: 7%.
- The index is consolidating within a symmetrical triangle, maintaining support above the 38% Fibonacci retracement of the Jun'20–Jun'22 rally. A breakout above 305 would signal a continuation of upward momentum, while 275 serves as a strong support level.

FTSE/Core Commodity CRB Index (CRY)



Brent Crude: Monthly Chart



Brent Crude Outlook: Consolidation Continues Amid Oversupply Risks

- Technical Outlook:** Brent crude has been forming a falling wedge since Mar'22 and has already retraced 61.8% of the Fibonacci retracement of the Apr'20–Mar'22 rally (\$16 to \$138), placed near \$62. The lower boundary of the wedge lies around \$54, while a breakout is signalled above the upper boundary at \$72. A decisive close above \$72 is required to confirm an uptrend towards \$100 and \$120; failure to do so may result in continued consolidation with a downward bias.
- Fundamental Outlook:** Brent crude underperformed in 2025 as oversupply outpaced demand, with OPEC+ unwinding production cuts earlier than expected. Weak demand from Europe and China, amid tariff tensions, further pressured prices. Easing geopolitical risks in the Middle East and hopes of a Russia–Ukraine peace deal reduced the war-risk premium, acting as a key headwind.

Source: Bloomberg, Axis Securities.

Gold Momentum Intact: Buy on Dips Amid Strong Uptrend

- Technical Outlook:** Gold has surpassed our previous annual target of \$3,000 and continues to trade in a strong uptrend in place since Oct'23. The monthly RSI is deeply overbought at 92, indicating the possibility of near-term profit booking. Any correction towards the \$3,770–\$3,400 zone—representing the 23%–38% Fibonacci retracement of the Oct'23–Oct'25 rally—should offer strong support. Buy on dips remains our preferred strategy, with an upside target of \$5,000.
- Fundamental Outlook:** After delivering over 65% returns in 2025, precious metals are expected to maintain strong momentum in 2026. Fed rate cuts and sustained central bank buying are likely to remain key drivers of the rally. Additionally, policy uncertainty, geopolitical tensions, and robust ETF inflows should provide strong support against declines.

Gold (\$ term): Monthly Chart



Silver (\$ term): Quarterly Chart



Silver Surge: Breakout Confirmed, Momentum Set to Continue

- Technical Outlook:** Silver has emerged as the top performer in the commodities basket, breaking decisively above its Apr'11 high of \$50 and sustaining strong upward momentum. The breakout confirms a rounded bottom pattern on the quarterly chart, reinforcing the long-term bullish trend. Buy on dips remains our preferred strategy, as any throwback towards the \$55–\$50 zone would present an attractive buying opportunity, with an upside target of \$95.
- Fundamental Outlook:** Silver outperformed commodities in 2025, surging over 130%—its strongest annual gain since 1979—driven by ETF inflows, industrial demand, and a physical market short squeeze. Heading into 2026, silver is expected to extend its gold-like rally, supported by strong ETF demand, supply constraints, and safe-haven flows.

Source: Bloomberg, Axis Securities.

US Dollar Index Under Pressure: Key Levels in Focus

- **Technical Outlook:** The US Dollar Index (DXY) has been trading in a medium-term falling channel since Sep'22. Recently, it found support at the lower band and rebounded, but has since entered an ascending triangle consolidation. A breakout above the triangle's upper boundary at 100.3 could propel the index toward 104–107, while a breakdown below the lower boundary may drag it toward 95, where strong support is expected. Overall, the DXY is likely to remain range-bound within the broader 107–95 zone.
- **Fundamental Outlook:** The Dollar Index fell by over 9% in 2025, marking one of its steepest declines in decades, driven by policy uncertainty from tariffs and Fed rate cuts. Looking ahead, the dollar is expected to remain under pressure in 2026, as global de-dollarisation trends and potential Fed easing could further weigh on its value.

DXY: Monthly Chart



USD/INR: Quarterly Chart



USD/INR Outlook: Uptrend Intact Amid Macro Pressures

- **Technical Outlook:** USD/INR depreciated broadly in line with expectations and has met our annual target of 90. On the quarterly chart, the pair continues to respect a long-term upward-sloping trendline in place since Jul'11. Recently, it found support near the lower band of this trendline and is now positioned to move toward the upper band around 100. On the downside, a decisive close below the 85–80 zone would signal a trend shift and establish strong medium-term support.
- **Fundamental Outlook:** The USD/INR rose over 5% in 2025 amid U.S. tariff actions on India and sustained foreign portfolio outflows, weighing on investor sentiment and the rupee. 2026 will be pivotal, and without a favourable India–U.S. trade deal or meaningful capital market reforms, the rupee is likely to remain under pressure against the dollar.

Source: Bloomberg, Axis Securities.

Term	Definition / Explanation
200 & 50 SMA	Simple Moving Averages over 200 and 50 days, used to identify trends.
BSE Advance Decline	An indicator showing the number of advancing vs declining stocks on the BSE.
Base Case Target	The most likely projected price target based on analysis assumptions.
Consolidation Zone	A price range where the market or stock trades sideways with no clear trend.
Falling Channel	A chart pattern where prices move between downward-sloping parallel lines.
Falling Wedge / Symmetrical Triangle	Chart patterns indicating potential trend reversals or continuation.
Fibonacci Extension	Levels that are used to project potential price targets beyond the current range.
Fibonacci Retracements	A technical tool to identify potential support and resistance levels based on key ratios.
Horizontal Resistance & Support	Price levels where the market repeatedly finds resistance or support.
India VIX	Volatility Index of the Indian stock market, measuring market fear or uncertainty.
MACD	Moving Average Convergence Divergence, a trend-following momentum indicator.
Market Breadth Indicators	Measures of the overall market direction by comparing advancing vs. declining stocks.
Multi-Year Resistance Breakout	When the price breaks above a resistance level that has held for multiple years.
Peaks & Troughs	Highs (peaks) and lows (troughs) in price charts, used to identify trends.
Relative Strength (RS)	A measure of a stock's performance relative to the overall market or index.
Rising Channel	A chart pattern where prices move between upward-sloping parallel lines.
RRG Analysis	Relative Rotation Graph analysis to evaluate the relative strength and momentum of stocks or sectors.
Rounded Bottom	A chart pattern signalling a gradual reversal from downtrend to uptrend.
Z-Score Analysis	Statistical measurement indicating how many standard deviations a value is from the mean.

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