



## Is Nifty Fatigued? | Week Ahead in Markets

*In what seems like a FY24-25 redux, a weak Jun quarter in earnings (c5% growth) along with downward revisions, cast doubts on the consensus 12-15% EPS growth for FY25-26. In sync, the index has taken a bearish hue risking a breach of critical support in the 24500-600 area. Even relative to major global markets, the US and China, Nifty appears to have lost its mojo. Perhaps the only thing in favor is an oversold positioning, although that is not a catalyst for revival.*

*In the week ahead, attention will be focused on tech earnings, FOMC and the approaching tariff deadline of 1<sup>st</sup> Aug. With the trajectory for 2Q earnings better than consensus, the likelihood bettering the low bar of 5% is increasingly likely. Tariff deals, especially with the EU will be a dominant feature in the coming week – any resolution is likely to add to the current positive sentiment, supporting the uptrend, stretched as it may be. As for the FOMC, futures suggest a 95% unchanged probability.*

*Thus far, with about a third of S&P companies having reported, growth trajectory at 6.4% is better than the low consensus bar of 5% at the start of the reporting season.*

### Nifty – Tough Earnings Quarter

EPS growth for the Jun'25 quarter, currently trending at 7% (ex one-offs) is expected at c5% casting doubts on full year consensus of 12-15% that banks on an agri/rural consumption led revival for the rest of the year. **This is a familiar pattern where consensus starts more positive only to revise down estimates – will it be different this time?**

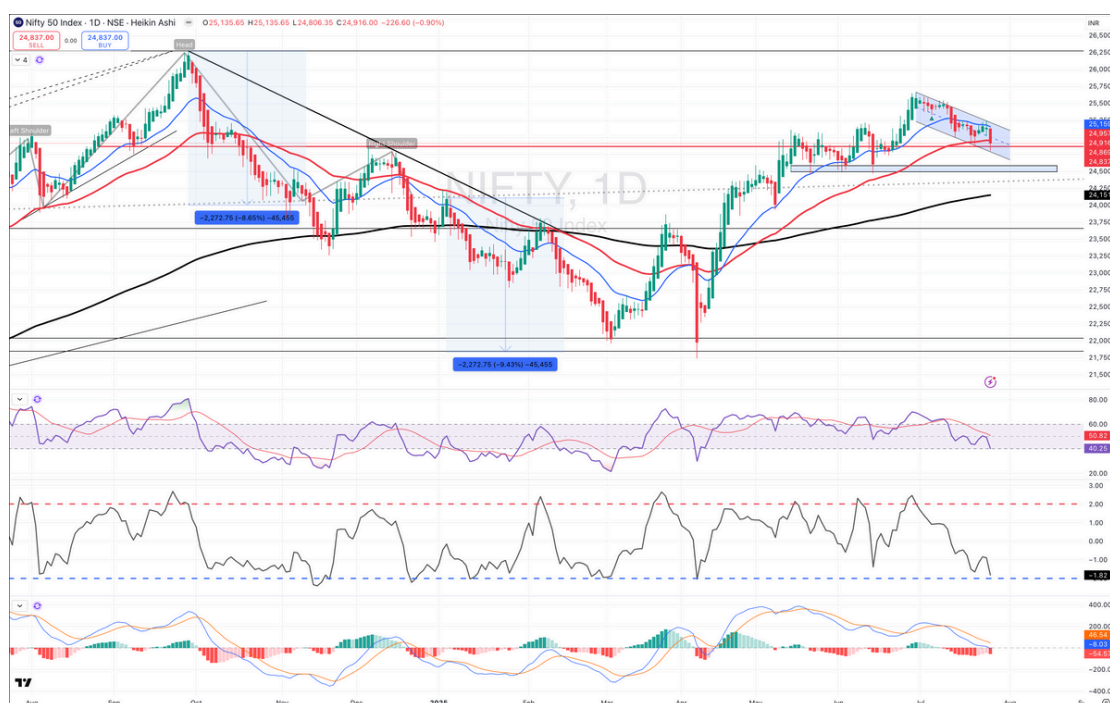
- **Banks** have raised provisioning, more in anticipation rather than credit stress. ICICI Bank earnings were a standout while HDFC Bank takes the other end of the spectrum. There appear to be NIM pressures.

- **IT Services** continue to face challenges – not just from uncertainty on US businesses. We continue to see this sector as slow to evolve in adapting to a changing, “AI-First” environment.
- **Consumer** businesses, especially FMCG, face slower demand and margin pressures.

## Nifty Technicals – Flag Or Red Flag?

With a series of declining highs and lows, the short-term trend for Nifty is down as also evidenced by trend indicators. While momentum is weak, the index is oversold suggesting the possibility of a pause for breath. The index has retreated back into the 24500-25000 congestion zone and needs to breakout above 25200 to negate the bearish hue.

## Is Nifty Fatigued?

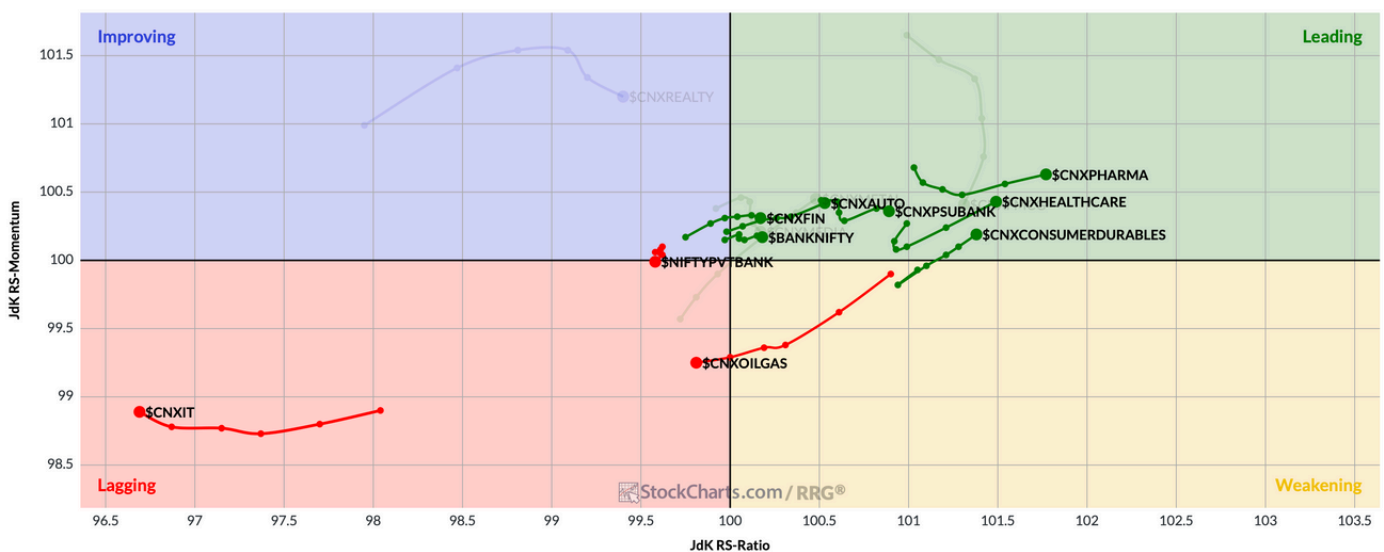


Source: Trading View

- **Weak Trend** – With lower highs and lower lows, positioning below 20 and 50 day moving averages, the near-term trend is down. MACD has been in a downtrend for sometime. The 200 dma however remains upward sloping at 24152. ***The near-term trend appears challenged within what still remains a medium-term uptrend.***
- **Support & Resistance** – Nifty has retreated back into the May-Jun congestion range of 25200-24500. A breakout above **25200** will negate the bearish trend while a breakdown below **24500** will accelerate downside risks.
- **A Flag?** – The decline in July (from 25600 to 24800) in a down-channel appears to be a flag formation, usually a bullish continuation –for this to play out, ***a breakout above 25200 will be critical.***

- **Oversold** – Nifty appears oversold, although not deeply with RSI at 40. While, the index is nearly 2 standard deviations below its 20day moving average, positioning is more neutral compared to the 50 day moving average. **An oversold positioning, especially against short-term averages, suggests the scope for a bounce or at least a pause for breath.**
- **Rotational trends** - Rotational trends are negative for private banks (ICICI Is an exception) and especially for IT Services. FMCG is fading in relative performance, while defensives such as pharma and healthcare appear better positioned.

### Rotational Trends Favor Defensives



Source: Stockcharts

## Week Ahead in Markets

### MacroData

- **FOMC** (30<sup>th</sup>) expected to keep rates unchanged (95% probability suggested by FED Funds Futures).
- **Jobs data** – Openings (29<sup>th</sup>) expected to show moderation and Payrolls (1<sup>st</sup> Aug) expected to show a decline (110K vs. 147K) and tick up in unemployment (4.2% vs. 4.1%).
- **Inflation** – PCE (31<sup>st</sup>) expected to pick up from 2.3% to 2.5% (m/m from 0.2% to 0.3%).

### Earnings

- **Tech earnings** will be closely watched – MSFT, META and QCOM (30<sup>th</sup>) expected to post solid increases while AAPL, AMZN (31<sup>st</sup>) expected to report modest increases in earnings. Key will be guidance, especially on Data Centre Capex.
- **Financials** – Visa (29<sup>th</sup>) and Mastercard (31<sup>st</sup>) expected to report solid increases. Watch for guidance on emerging threat from stablecoins.
- **Energy** companies, CVX and XOM report on 1<sup>st</sup> Aug with sharp earnings declines, given continued weakness in oil prices.

## Markets

- **US** markets remain in an uptrend even if stretched on oscillators. Notably, S&P appears to be reviving relative to the techheavy Nasdaq.
- US outperformance vs. **Europe** remains in place. ***This can change rapidly should there be a favorable resolution on the US-EU tariff deadlock, similar to what unlocked performance for Japan.***
- Also watch for **HSCEI** as it tests resistance at the March 2025 highs.
- **Gold** breakout not holding for now – the yellow metal is back in the 3200-3400 range. Bullish views will need to await a decisive breakout.
- **Bitcoin** recovered from a large sale – above 112K, view remains constructive.

## S&P - Reviving vs. Nasdaq?



Source: Trading View

## S&P vs. Europe - Uptrend in Place



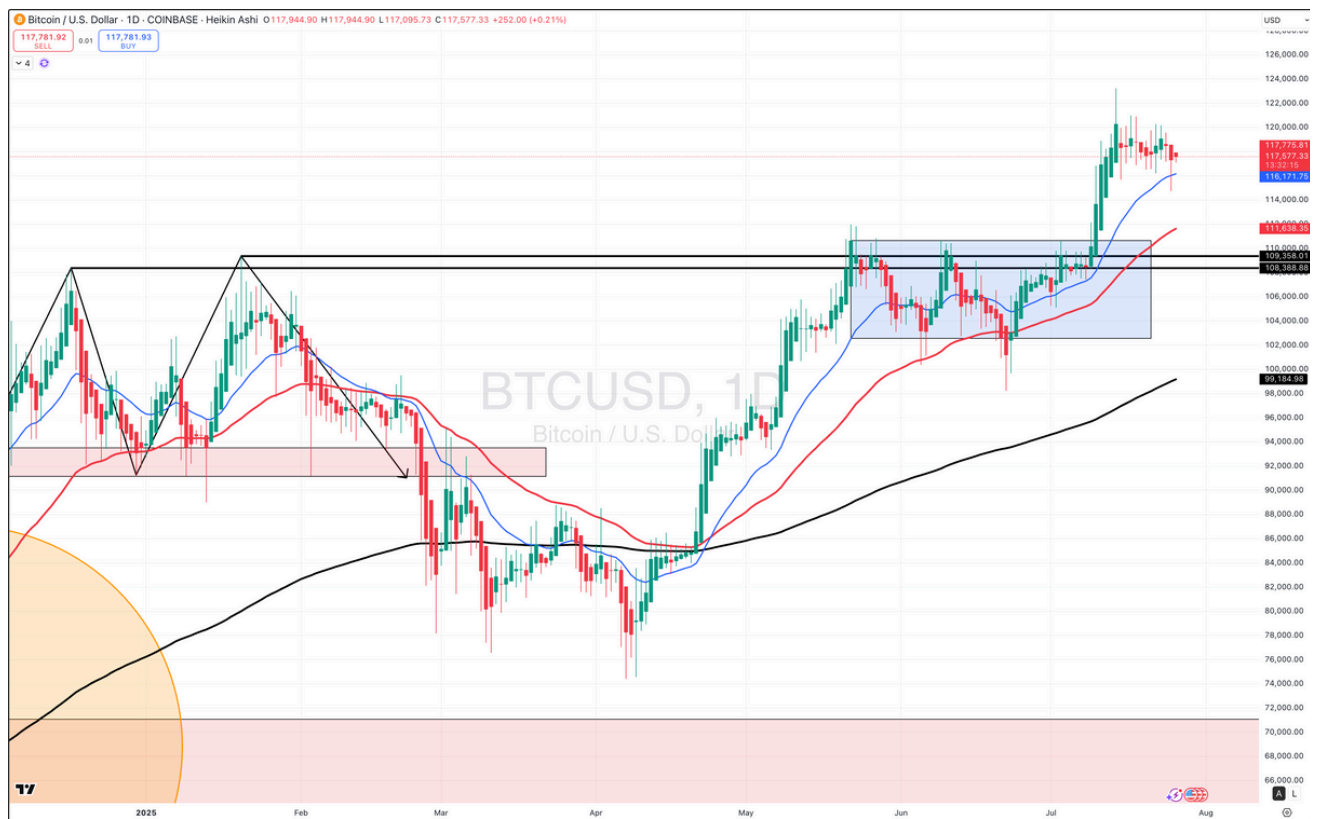
Source: Trading View

## Gold - Back in Range - Bullish Views will Need to Wait



Source: Trading View

## Bitcoin - Above 112K, view remain s constructive



Source: Trading View



# LIGHTHOUSE CANTON

## Singapore

16 Collyer Quay #11-02  
Collyer Quay Centre  
Singapore 049318

☎ +65 67130570

## India

Unit No-104A,Worldmark  
2 Asset Delhi Aerocity,  
New Delhi 110037

☎ +91 9650473961

Unit No 507/508, A Wing,  
INS Tower, G Block, BKC,  
Mumbai- 400051

☎ +91 9650473961

## UAE

The Exchange Gate Village 11,  
Unit 802 Dubai International  
Financial Centre PO Box 507026  
Dubai, UAE

☎ +971 45 861500

1st Floor, WeWork37,  
Cunningham Cross Rd,  
SRT Road Vasant Nagar,  
Bengaluru-560001

☎ +91 9900096873

RK Swamy Centre, Hansa  
Building, Door No:3, Thousand  
Lights,  
Chennai-600006

☎ +91 9650473961

## UK

24 Hanover Square,  
London W1S 1JD

☎ +44 164 2843 487

Suite 502, Building 450, Central  
Plaza, Genome Valley,  
Shameerpet,  
Hyderabad 500 078

☎ +91 9650473961

Unit No FF-10, FF Floor, Pragya  
Accelerator, Block 15T GIFT CITY,  
Gandhinagar  
Gujrat-382355

☎ +91 9650473961

✉ info@lighthouse-canton.com

✉ service@lighthouse-canton.com

in Lighthouse Canton

## DISCLAIMER

The contents of this document are confidential and are meant for the intended recipient only. If you are not the intended recipient, please delete all copies of this document and notify the sender immediately.

This document, provided as a general commentary, is for informational purposes only and is not to be construed as an offer to sell or solicit an offer to buy any financial instruments in any jurisdiction. This does not constitute any form of regulated financial advice, and your independent financial advisor should be consulted prior to taking any investment decision(s).

This document is based on information from Sources which are reliable but has not been independently verified by Lighthouse Canton Pte Ltd and its affiliate companies ("LC"). LC has taken the reasonable steps to verify the contents of this document and accept no liability for any loss arising from the use of any information contained herein. Please also note that past performances are not indicative of future performance.

Information contained herein are those of the author(s) and does not represent the views held by other parties. LC is also under no obligation to update you on any changes made to this document.

This document is prepared by Lighthouse Canton Pte Ltd and its affiliate company, Lighthouse Canton Capital (DIFC) Pte Ltd, which are regulated by Monetary Authority of Singapore ("MAS") and Dubai Financial Services Authority ("DFSA") respectively. MAS and DFSA has no responsibility for reviewing, verifying and approving the contents of this document and/or other associated documents. The contents of this document may not be reproduced or referenced, either in part or in full, without prior written permission from LC.

This document is confidential and is only intended for Accredited Investors and/or Professional Clients, as defined by MAS and DFSA.