

NIFTY 50

Date: May 21, 2025

1. Executive Summary

As the Nifty 50 index moves past the 25,000 marked, investors are asking whether to remain invested, add more, or wait for a possible correction. While key market levels can trigger emotional reactions, it's important to stay focused on underlying fundamentals rather than short-term market sentiment.

2. What Driving the Rally?

- **Strong Earnings Momentum:** The foundation of any sustainable market rally lies in corporate earnings. And the outlook remains solid. Earnings for Nifty 50 companies are projected to grow by 15% in FY26 and another 10% in FY27.
- **Foreign Investment Boost:** Foreign investors (FIIs) have pumped in 17,000 crores during April–May. This return of funds is due to hopes of U.S. interest rate cuts and a weaker dollar, making Indian stocks more appealing.
- **Strong Sector Performance:** Financials and pharma stocks are leading the rally. In fact, all 13 key sectors are doing well — showing overall market strength.

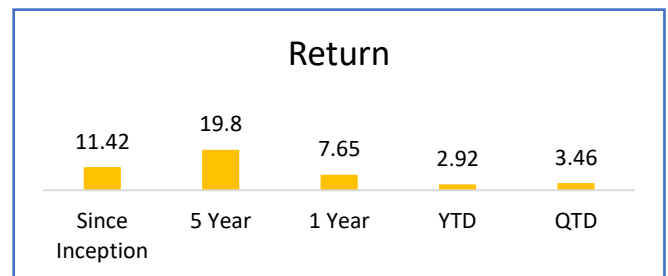
3. Price Chart



4. Takeaways

- **Technical Momentum:** The Nifty 50 index is trading above its 9-month Simple Moving Average (SMA), indicating a sustained upward trend.
- **Support Levels:** Strong support is visible around 24,050 and 23,500, as the index has previously bounced from these levels.
- **Breakout Scenario:** A sustained close above 25,150 could trigger a swift rally toward the 26,180+ level.
- **Consolidation Possibility:** If the index fails to break above resistance, it may consolidate between 24,100 and 25,000 before making another attempt.
- **Valuation Perspective:** Despite recent gains, the Nifty's current price-to-earnings (P/E) ratio of 22.17x remains close to its historical average of 20.9x, indicating fair valuation and suggesting the market is not overheated.
- **Economic Fundamentals:** India's GDP is projected to grow at 6.3% in FY2025. Steady growth in corporate earnings is supporting the market's upward momentum.
- **Market Outlook:** Eps growth FY26 of Top 100 stocks is 18.33% and Top 50 is 19.38. Based on prevailing trends, analysts forecast the Nifty 50 could reach around 28,000 by March 2026, providing meaningful upside from current levels.

Near Support	24,050 - 23,500
Resistance	25,150
Current EPS	1,113.3 (6.34% YoY Growth)
Current P/E	22.17x



5. Strategy

- **Focus on quality fundamentals:** Allocate capital to fundamentally strong businesses with consistent earnings visibility and reasonable valuations.
- **Maintain asset discipline:** Continue systematic investment plans (SIPs) and ensure a well-diversified portfolio across sectors and market capitalizations.
- **Avoid reactive decisions:** Resist the urge to chase momentum or time short-term market movements—stay aligned with long-term goals.
- **Investment Strategy:** Long-term investors are advised to maintain their positions, as attempting to time the market may result in missed opportunities during ongoing growth phases.

6. Disclaimer

This commentary is for informational purposes only and does not constitute investment advice. Market conditions may change rapidly due to geopolitical developments.