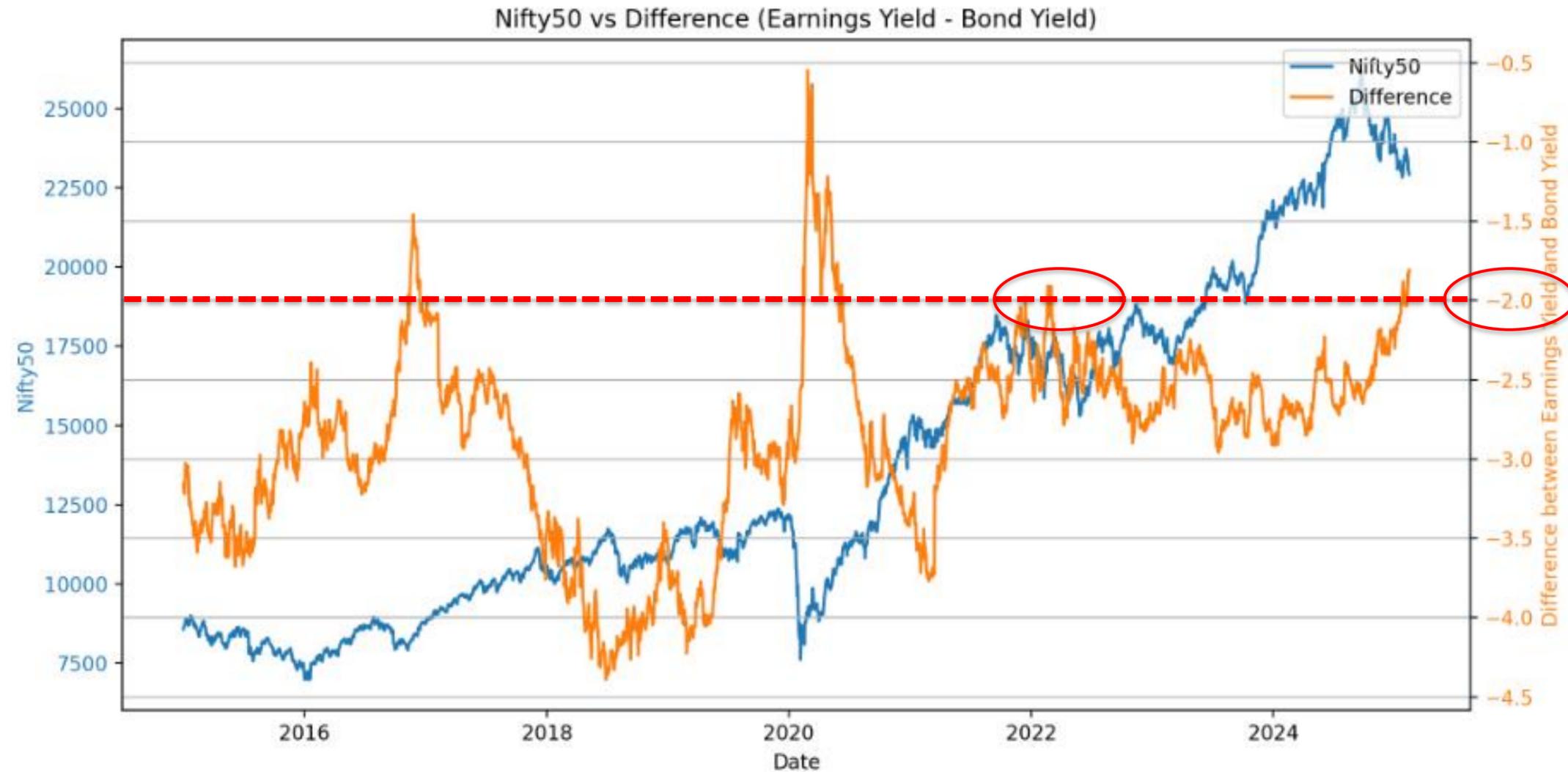


# What does the Techno-Macro-Funda and O'Neil Says About Possibility of Market Bottom

## Difference Between Earnings Yield and Bonds Yield Now Less Than -2%



Source: NSE and MarketSmith India

The current difference between the earnings yield and bond yields has moderated to -1.8%. Historically, when this difference falls below -2%, a major market bottom is usually near. Even in 2022, when the Nifty formed a bottom around 15,200 in June, the difference dropped below -2% in the first half of the calendar year. With the RBI initiating a rate-cut cycle, bond yields may moderate further in H1 CY2025, potentially narrowing the yield difference even more.

## FII Long Less Than 20% for Multiple Weeks Now



Source: Strike and MarketSmith India

When FII Long % is less than 20% for multiple week, a good move in Nifty is seen in Next few months. This time Nifty's long position dropped below 20% in last week of December.

## Less than 15% of Nifty500 Stock Above 200-DMA



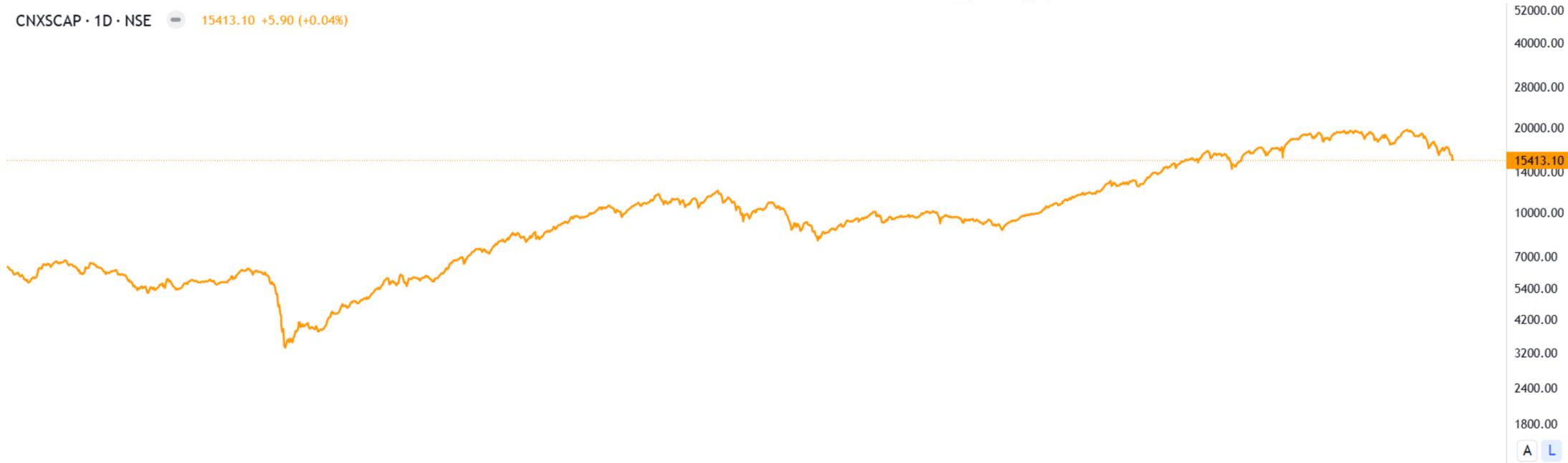
Less than 15% of Nifty500 stocks trading above their 200-DMA is a rare occurrence. The last two instances were in June 2022 and March 2020, both of which were followed by a market rally.

# Around 15% of Nifty Midcap100 Stock Above 200-DMA

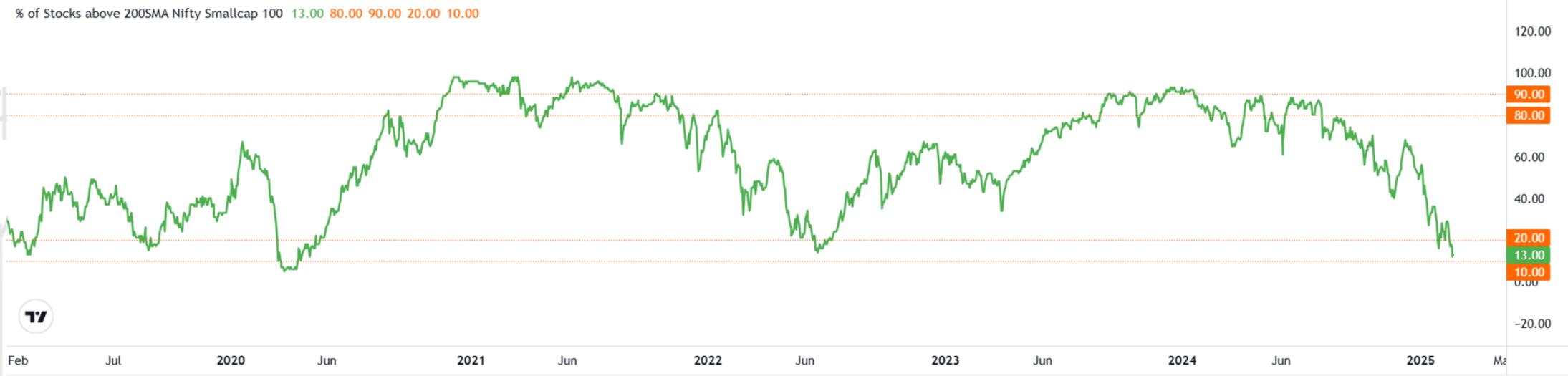


# Less than 15% of Nifty Smallcap100 Stock Above 200-DMA

CNXSCAP · 1D · NSE 15413.10 +5.90 (+0.04%)



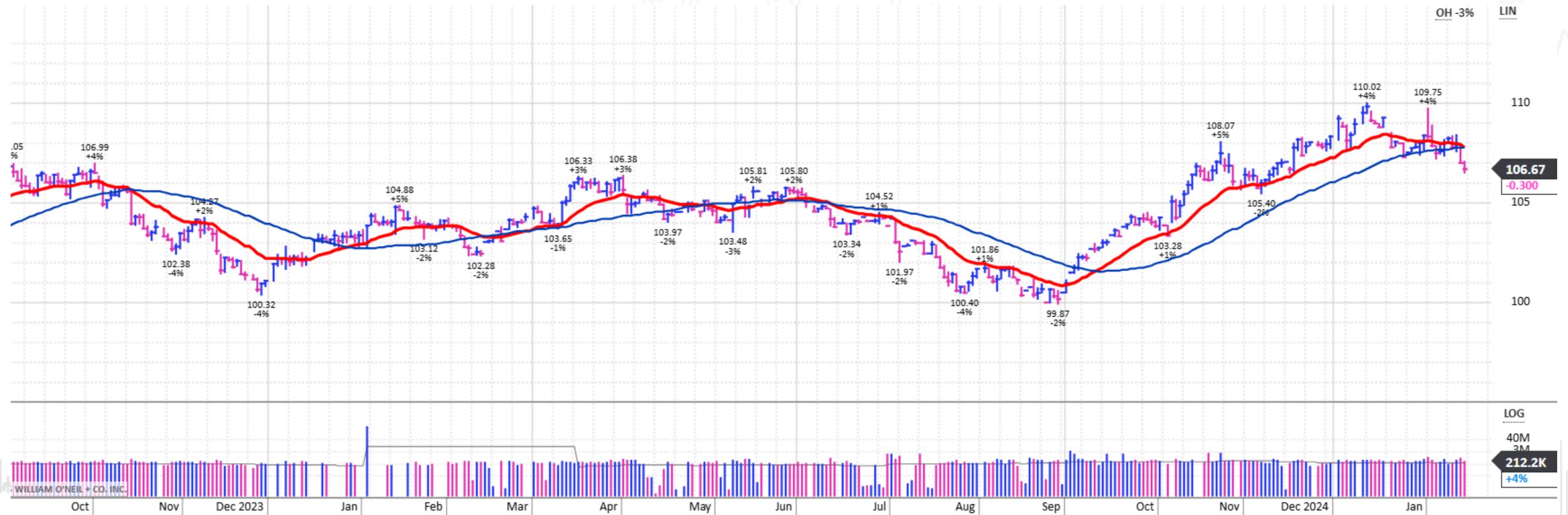
% of Stocks above 200SMA Nifty Smallcap 100 13.00 80.00 90.00 20.00 10.00



17

Feb Jul 2020 Jun 2021 Jun 2022 Jun 2023 Jun 2024 Jun 2025 Me  
Date Range ▾ Source: Strike % log auto

## Dollar Index Off-High and Below its 21-and 50-DMA

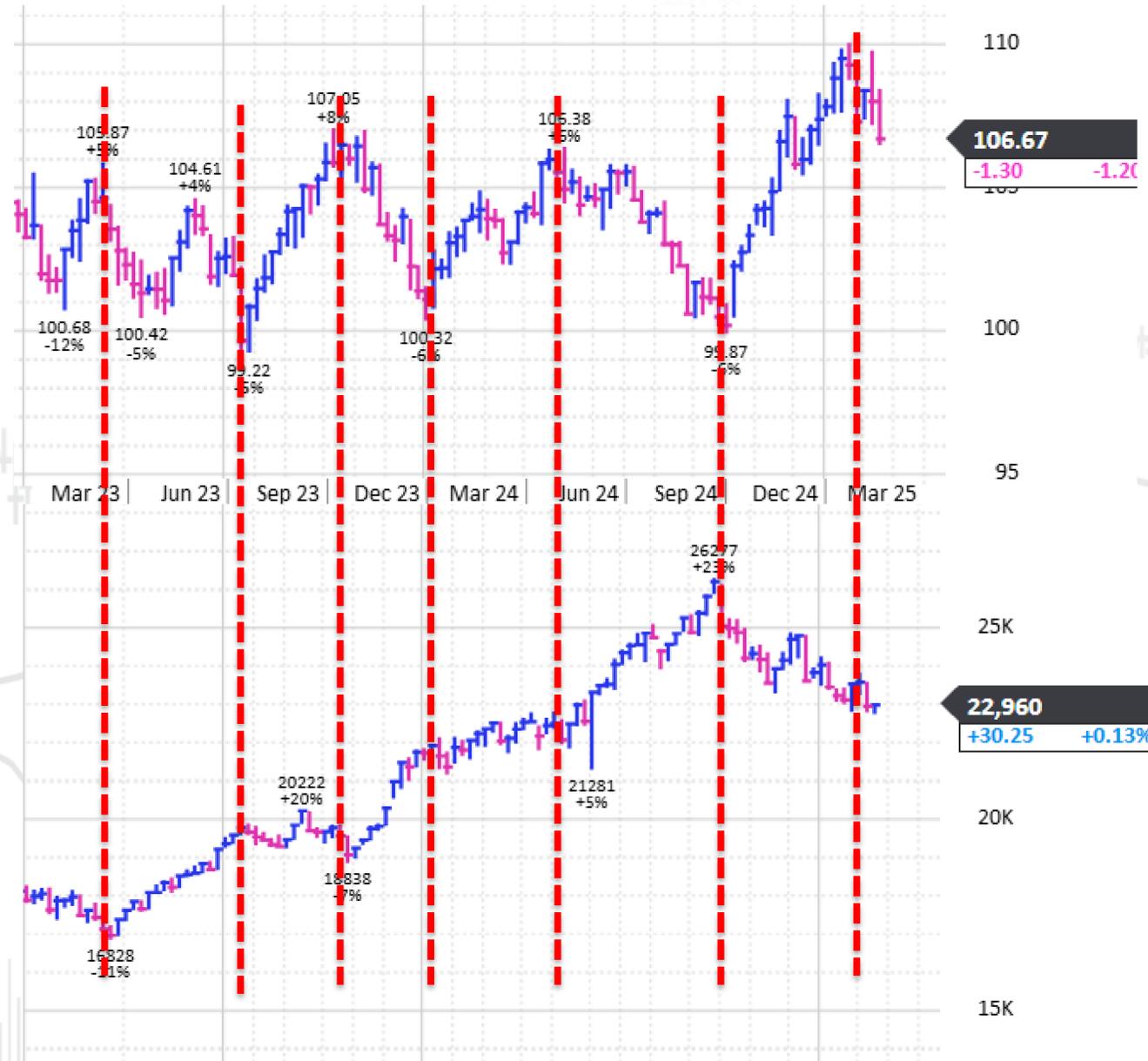


Source: Panaray

## Dollar Index v/s Nifty50

Dollar Index

Nifty50



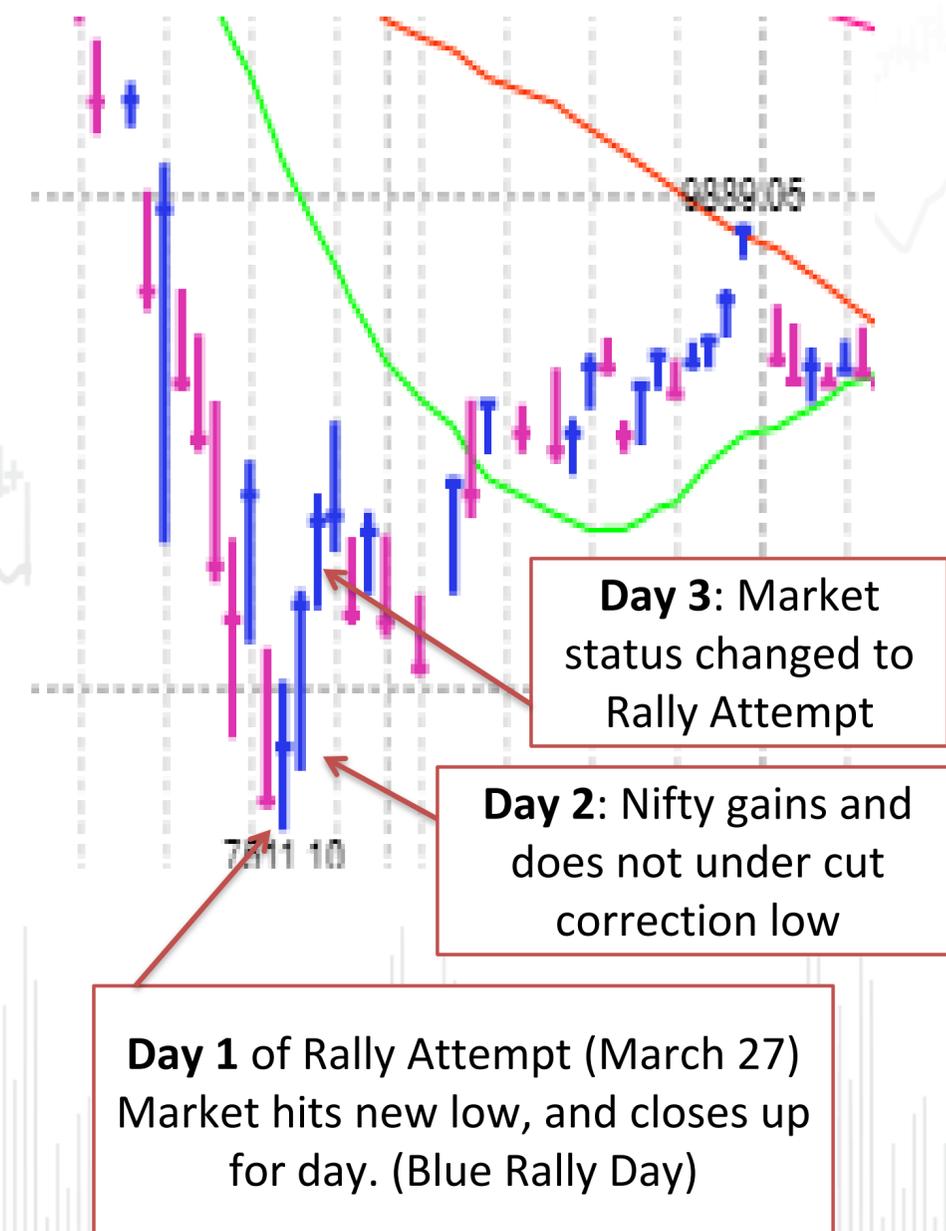
## How to Identify Bottom According to O'Neil?

When the market is in a downtrend, look for to hit a new price low.

After hitting a new low, look for a day when the index closes higher. That might mean the index has stopped its decline, established a new “bottom,” and is on its way to a rebound. Its called Day-1 on an attempted Rally.

But one up day isn't enough to tell if the market trend has truly changed. If Nifty remains above the correction low for three days, the market status changes to a Rally Attempt.

After Day-3, when market is in a Rally Attempt, A follow-through day indicates the attempted rally has succeeded and market is ready for an Uptrend.



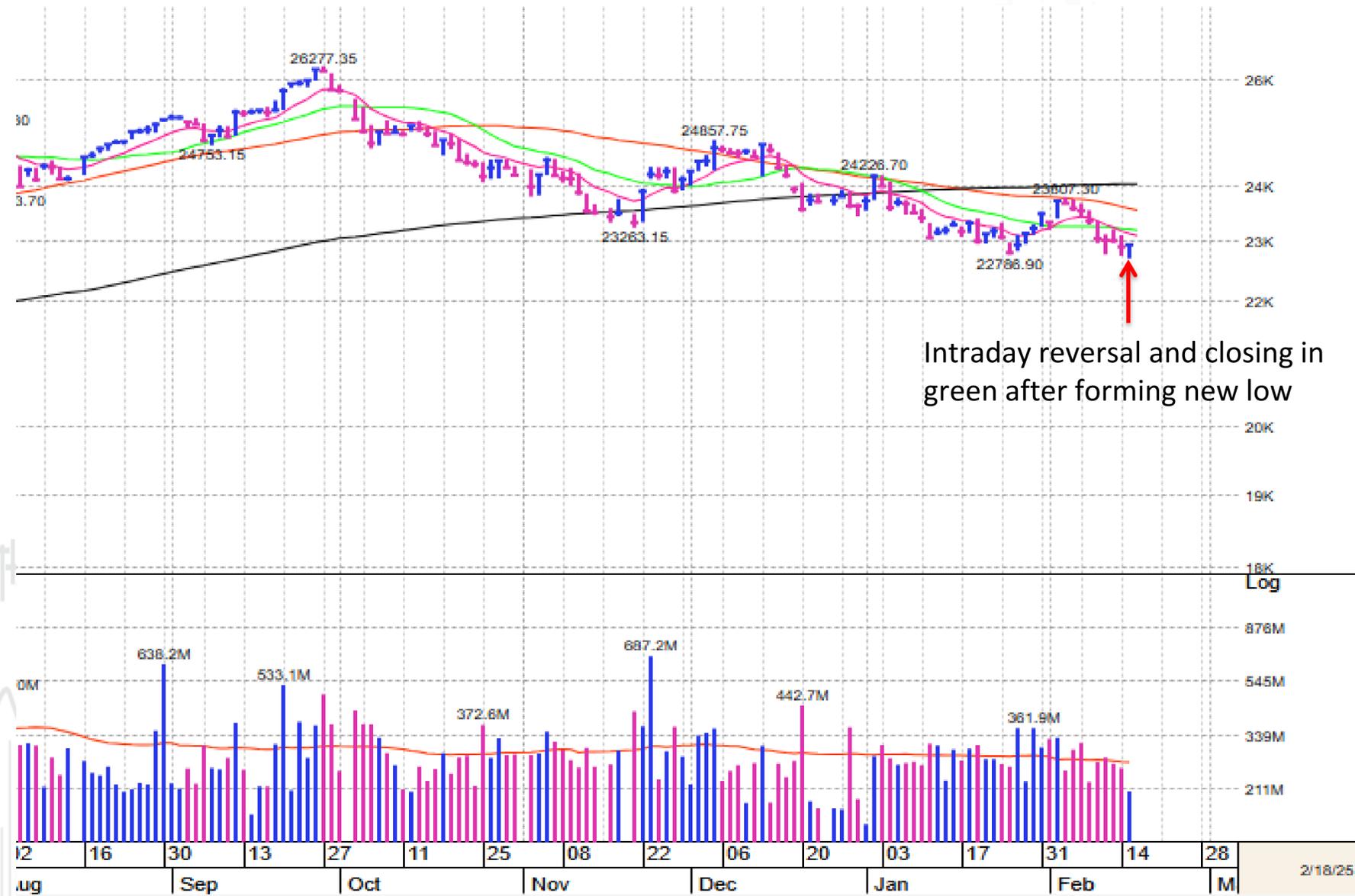
## What is a Follow-Through Day?

To count as a follow-through day, Nifty needs to close up 1.5% or higher in volume heavier than the prior day. Volume does NOT have to be above average; just higher than the prior day.

The strength in a follow-through day can be gauged by the action in leading stocks. A follow-through day coupled with leading stocks breaking out from their base patterns provides signs of a sustainable rally.



## Nifty50-From O'Neil Lens

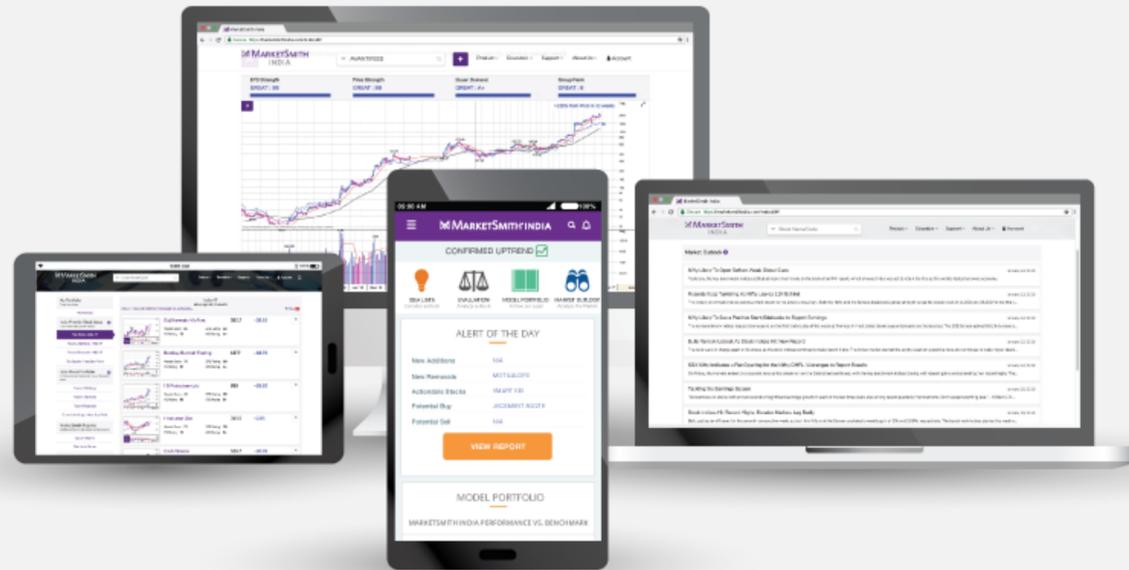


Intraday reversal and closing in green after forming new low

Yesterday Nifty hits new low but reversed from low and closed in top quartile of the day's range. This will be Day-1 of probable bottom. If we stay for 2 more days above this low (22,725), market status will be shifted to Rally Attempt. From there the probability of rally increases and gets confirmed when we get follow-through day (1.5% gain on Nifty on volume higher than previous session)

Source: MarketSmith India

# Thank You!



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