

# NEWSLETTER

## FEB 15, 2025

Market Sense

Data Center Theme



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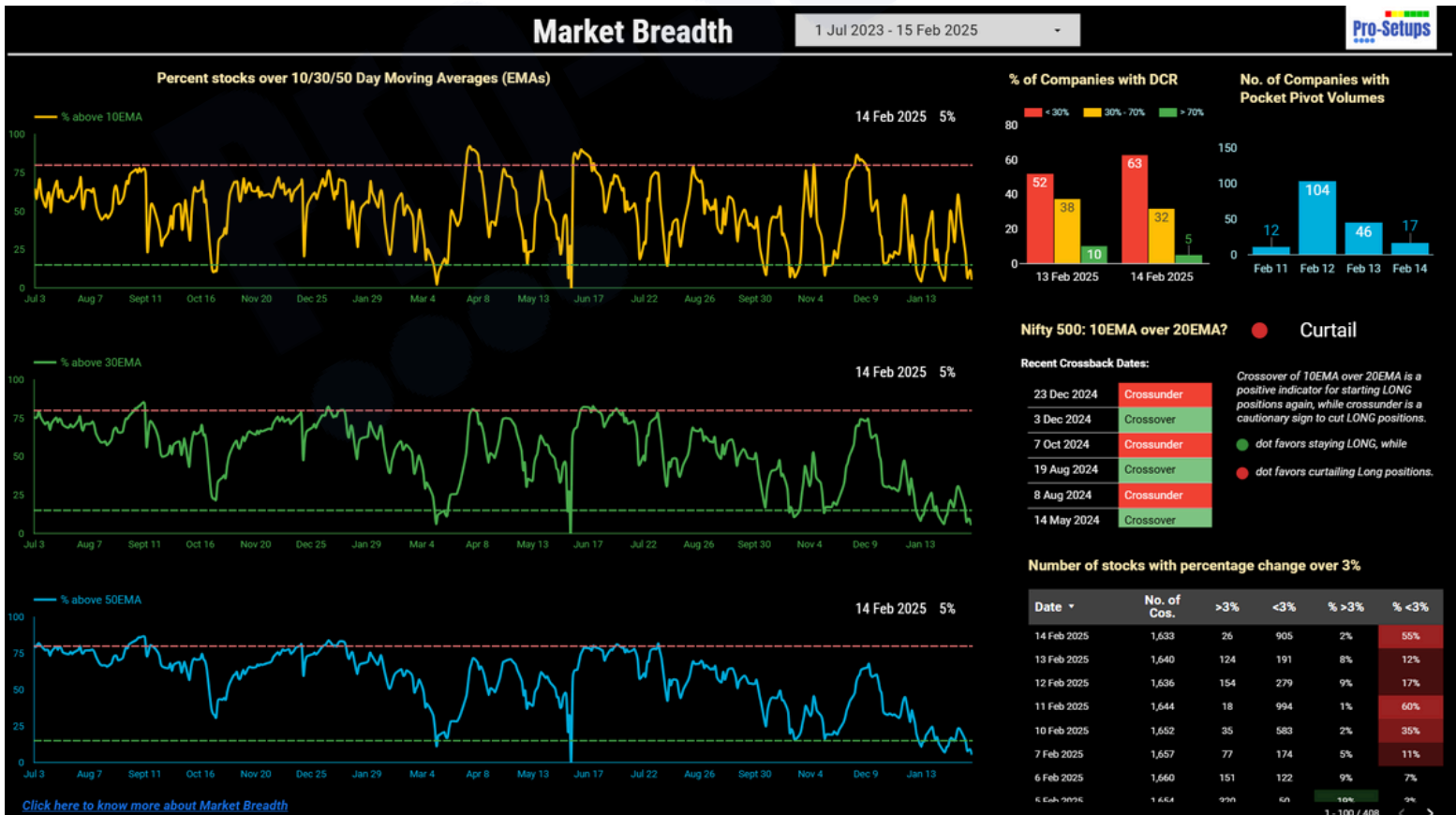
**Weekly Market Update: US Tariff Risks fueling the fall**

This week saw significant market volatility, with the **Nifty500 declining over 4.6%**. Several factors contributed to this downturn, primarily concerns about **US tariff risks** and continued FII outflows, overvaluation, a strengthening dollar, and signs of slowing economic growth.

Technically, the Nifty500 has faced **resistance at its declining 50EMA on every bounce**. Furthermore, a bearish "**death cross**" pattern has emerged, with the 50EMA crossing below the 200EMA. Historically, this formation has signaled a market bottom, but its predictive power remains to be seen. Currently, approximately 5% of stocks have declining 50EMAs.

For value investors, the current market conditions may present opportunities to acquire fundamentally sound businesses at more attractive prices. With the results season now behind us, the focus should shift to identifying stocks that demonstrated resilience and received positive feedback despite the challenging market conditions.

At Pro-Setups, we monitor the Nifty500 behavior. Traders should **consider waiting for the Nifty500's 10EMA to cross above the 20EMA, and increasing exposure only when the 50EMA begins to trend upwards**. Until the 50EMA is under control, it's prudent to either limit trading activity or use tight stops and modest profit targets when trading. We are not out of the woods yet, so caution remains advisable.



The market breadth is **extremely oversold** now with %age of stocks above short-term key EMAs at the oversold levels. Although, it still remains a sell-on-rise market, a good bounce in the coming week can be expected. (For reference: we consider the market to be in the oversold zone when all three key EMAs touch the green line at the bottom.)

Each time, we are looking at charts on TradingView or watching a YouTube video, we are consuming internet. The 5G penetration, low data tariff plans, affordable smartphones, and growing user base of social media, e-commerce, gaming and OTT platforms are some of the key triggers for data explosion. On the enterprise side, increased digitalization, cloud becoming mainstream, and adoption of emerging technologies like Artificial intelligence (AI), Machine learning (ML), blockchain and Internet of Things (IoT) has increased the demand of data storage and process vast amount of data.

India generates about 20% of the global data, however in terms of the Data Center capacity, it has a share of just 3%. All this has led to **India's data center revolution**, resulting in mammoth growth of the entire industry. And with Great Demand, comes great expansion plans!



To understand the **Data Center theme**, including a look at key companies, peer comparisons, and valuations, explore our **dedicated page in the Pro-Setups Dashboard** ([click here](#)). (Subscribers only).

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