



# SPECIAL REPORT

## PHARMA INDEX FINALLY OUT OF SLUMBER PHASE

### NIFTY PHARMA MONTHLY CHART



Pandemic turned BOON for Pharma space as Nifty Pharma proceeded to log hefty gains in the last two months breaking the five years long FALLING CHANNEL pattern on a monthly time frame.

Indicators and oscillators like RSI & MACD have turned bullish on the long term chart. RSI (14) has witnessed a four years long Rectangle Pattern breakout and reading above 55 level with positive crossover on the cards.

Pharma index is currently settled above all its major exponential moving averages (50, 100, & 200) & furthermore the said index is outperforming the Nifty50 since the last three months which is visible on Relative Strength (RS) indicator on the month on month basis.

Since June 2009, we witnessed uninterrupted rally in pharma index for almost six years; then there was a continuous underperformance for almost five straight years. From perspective of Fibonacci retracement correction in Nifty Pharma index has halted near 61.80 percent from the low of March 2009 to high of June 2015. Historically it is proven 61.80 percent is a golden ratio, whenever a stock or an index creates a bottom near golden ratio the follow up rally has been robust one.

We believe that the positional trend of the pharma has turned bullish, but looking at the steep rise it is advisable to utilize short term dips to accumulate longs.

Current chart formation suggests a breakout above 9000 level has created a demand for the Pharma index. Moreover, the 9000 mark is well supported with a 50-day exponential moving average, and also trend line support will play a sheet anchor role.

Bulls have taken absolute control in the pharma space as the Nifty Pharma index set to register the biggest rally in its lifetime. Wear Mask and buy pharma stocks.

## Outlook by Technical Analyst Mr. Rohan Patil

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