

Date: 23rd Nov 2020

NIFTY



The market bounced back sharply on November 20 Friday, but could not recoup all the previous day's losses.

Previous week Nifty50 formed a bearish ABCD harmonic pattern on the daily chart which was placed at around 12800 levels. Index consolidates for almost a week respecting its resistance but later on Prices broke its consolidation on the higher side and failed the said bearish pattern.

Now as per the concept of polarity previous resistance will act as a support in the near term.

On the daily chart, the prices have moved up in the uncharted territory. Also, the prices have managed to move above 50 EMA on the daily chart, indicating a bullish trend in the price. Daily RSI has moved above the previous swing high, which again is an indication of increased bullishness.

The overall bias is likely to remain positive. On the higher end, the price may move towards 13050. A decisive move above 13050 may induce a further rally towards 13200. Crucial support is pegged at the 12750 - 12700 levels for the near term.

BANK NIFTY



The banking index continued its bull run for the third straight week and closed 2 percent higher from its previous week's close.

BANK NIFTY has formed a Bearish ABCD harmonic pattern on a daily time frame which is placed near 200 percent retracement from its previous intermediate low of 20404 levels.

Momentum oscillator RSI (14) on the daily chart has risen above 70 levels which is an overbought zone. An overbought zone doesn't mean an immediate sell or a trend reversal as a counter can remain for a while at above 70 levels.

The index is nicely poised above its 20, 50, 100 exponential moving averages (EMA) on a daily interval which is positive for the banking index. But due to a stellar rally profit booking at the current stage cannot be ruled out.

Current chart formation suggests Bank nifty may find major support at around 27700 - 27600 levels which are well supported with a continuation gap. However, on the higher side, the index will continue to face hurdles around the 29900 - 30100 level.

Sector Look: NIFTY FMCG



On the weekly time frame, 21 week simple moving average is acting as a support that is placed at around 30662.80 level.

On the weekly chart, index after several weeks of consolidation moved above from the range which suggests bullish strength in the counter. On previous week, Index has given a breakout of the "Consolidation Pattern".

Nifty FMCG has closed 0.38 % higher at 31454.30 level in the weekly time frame. The Index has closed above its previous week high, which shows significant recovery towards the end of the week.

Index has closed above its all the major simple moving averages on the weekly time frame, which adds more strength for the index.

The majority of indicators and oscillators are showing a positive trend for the current scenario on the daily time frame. RSI (14) has drifted near 59 level on weekly time frame.

On the higher end resistance is seen at the 31800/32125 level on the weekly chart. On the lower end support for the coming weeks is seen 30660/29730 levels.

Weekly Stock Idea: RECLTD



On 11th Nov, the stock prices finally managed to surpass the multiple resistance zones around Rs 105 – 110 levels, which eventually confirmed a trend line breakout on the daily interval.

Since breakout stock has taken a breather and has witnessed a throwback near its trend line support.

The recent leg of strong up-move is also supported by strong volumes and it also resembles a strong consolidation breakout.

Prices are trading above its exponential moving averages (21 & 50) on the daily chart. Momentum Oscillator RSI (14) is reading above 60 levels with positive crossover, which is positive for the counter. The MACD indicator is reading above its line of polarity with positive sentiments.

On the higher end resistance is seen at the 120/125 level on the weekly chart. On the lower end support for the coming weeks is seen 108/106 levels.



Weekly Market Strategy

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