

Date: 28TH DEC 2020

NIFTY



After a sharp correction seen on Monday prices have recovered in the last three days. Three back-to-back strong positive closings after a brutal fall indicate we are in a strong bull market and every dip should be utilized as a buying opportunity.

Ahead of a long weekend and a tranche of expected rural stimulus, bulls were in complete control. The momentum indicator like RSI, MACD indicating a positive outlook to continue and the market breadth to improve further after the decisive level breakout of the resistance zone.

From the last couple of trading sessions, prices are hovering marginally above their 21-day exponential moving average. But after a strong rally of near to one percent on 24th Dec, prices have settled above the said average and will be the next support zone for the index.

India VIX fell 2.60 percent from 20.49 to 19.96 level. The cooling of volatility at higher levels has provided support for a decent bounce back.

Going forward, the trend in Nifty to remain bullish, on the higher end rally may extend towards 13950. On the lower end support is placed at 13500.

BANK NIFTY



This has been a short but eventful week with wide gyration in stock prices. The week started with a fall of almost 1600 points in a single day and later on Bank Nifty recovered sharply in the next trading sessions. The banking index on the daily chart has witnessed a smaller degree V shape reversal rally which almost recovered its previous losses.

In terms of the candlestick, prices have formed a bearish hanging man pattern, and one needs to wait for confirmation in the coming weeks for the validity of the pattern. It formed a bullish candle on the daily scale and a long lower shadow on the weekly scale, which indicates that every decline got bought into.

Daily prices have closed above its 21-day exponential moving average which is again a positive sign for the index in the short term. Weekly RSI (14) continues to move in a higher high higher low formation and currently reading near 70 levels with bullish crossover on the cards.

Going forward, the trend in Bank Nifty to remain bullish, on the higher end rally may extend towards 31500. On the lower end support is placed at 29500.

Sector Look: NIFTY PHARMA



On the weekly time frame, 21 week simple moving average is acting as a support that is placed at around 11823.90 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 PHARMA has closed 1.15 % higher at 12908.90 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 69 level on weekly time frame.

On the higher end resistance is seen at the 13300/13480 level on the weekly chart. On the lower end support for the coming weeks is seen 12560/12370 levels.

Weekly Stock Idea: CIPLA



CIPLA on the weekly chart is moving in the range from past few weekly trading sessions and made an attempt to move higher.

After consolidating in a broad range of Rs 705 - 785 for few weekly trading sessions, the stock has witnessed a breakout above its consolidation pattern on the weekly timeline.

The stock has closed 5.08 % higher at 834.95 level and formed a bullish candle in the weekly time frame. The Index has closed above its previous week high, which shows significant recovery towards the end of the week.

On the weekly time frame, 21 Days simple moving average is acting as a support that is placed at around 767.97 level.

The majority of indicators and oscillators are showing a positive trend for the current scenario on the daily time frame. RSI (14) is reading near to 66 on a weekly timeline.

On the higher end resistance is seen at the 870/950 level on the weekly chart. On the lower end support for the coming weeks is seen 800/ 760 levels.



Weekly Market Strategy

Technical Research Analyst

Mr. Rohan Patil,

Mrs. Pooja Jain

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Bonanza Portfolio Ltd. Bonanza House, Plot No. M-2, Cama Industrial Estate. Walbhat Road, Goregaon (E), Mumbai – 400063 Web site: <https://www.bonanzaonline.com>

SEBI Regn. No.: INZ000212137

BSE CM: INB 011110237 | BSE F&O: INF 011110237 | MSEI: INE 260637836

| CDSL: a) 120 33500 |

NSDL: a) IN 301477 | b) IN 301688 (Delhi) | PMS: INP 000000985 | AMFI: ARN -0186

Bonanza Research Team | 5



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