

Date: 26th Oct 2020

NIFTY



It was an action pack week where Nifty50 witnessed super volatility and closed with the negative bias with a loss of more than 2 percent.

An increase in volatility is not a surprise and is likely to continue ahead of USA elections. Furthermore, INDIA VIX has witnessed a breakout of the rectangle pattern on a daily time frame, which indicates a further increase in volatility.

From the last couple of trading sessions, the benchmark index is trading between its 21 & 50-day exponential moving averages. Meanwhile, prices on the daily time frame have given a smaller degree horizontal trend line breakdown which indicates negative bias for the short term.

The weekly chart also indicates a sideways trend as prices are consolidating with the 400 points from the last couple of weeks with no specific direction.

As of now, strong support comes at 11600; if the index breaks this support then further downside would be there up to 11500 levels which are supported with a 50-day exponential moving average on a daily scale. While upside resistance comes at 12025 levels.

BANK NIFTY



It was a narrow range trading week for the Banking index where prices traded with the range of its previous week's candle.

Despite the recent fall Bank Nifty was able to close above its 21 – day exponential moving average on a daily time frame which is placed near 23700 levels.

Oscillators and momentum Indicators like RSI and MACD are showing strength in the banking index on the weekly as well as daily charts. Bank Nifty is trading above its 20, 50, and 100 exponential moving averages on a daily interval which is a bullish sign for the prices.

Weekly formation suggests prices are trading in the higher low formation and once the Banking Index crosses above 25250 levels higher high will be confirmed. Going forward, the major support zone will be near 22250-22150 levels.

Due to the worldwide concerns over the COVID-19 & USA election both domestic and international are likely to trade with super volatility.

Sector Look: NIFTY PSUBK INDEX



Nifty PSUBANK has closed below its previous weeks low with weekly closing of almost 5% percent lower and that is negative sign for the index. This structure surely indicates bears are dominating bulls.

Since the index has given breakdown of downward channel pattern on 28th Feb 2020, the index continues to trade below its trend line and looking week at the current juncture in monthly chart.

NIFTY PSUBK INDEX has closed 4.48% lower 1260.50 level on the weekly time frame.

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

RSI (14) has drifted near 40 level on weekly time frame.

On the higher end resistance is seen at the 1400/1460 level on the weekly chart. On the lower end support for the coming weeks is seen 1230/1150 levels.

Weekly Stock Idea: DELTACORP



On the Weekly chart, Stock after several days of consolidation moved within the range from 100 – 125 level which suggests bullish strength in the counter. DELTACORP on the daily chart is moving in the range from past few trading sessions and made an attempt to move higher.

Prices are firmly holding the support near the 21-week simple moving average which is formed at around 102.97 levels on the weekly time frame. Today's candles have cut the previous weeks high which is a positive sign for the stock.

The stock has closed 5.31% higher at 118.10 level on the weekly chart. The stock has formed bullish candle on weekly time frame.

The strong reversal in Momentum oscillator RSI (14) from 30 level, it has given a breakout of the falling wedge pattern and currently reading near 40 level on a monthly interval.

On the higher end resistance is seen at the 125/164 level on the weekly chart. On the lower end support for the coming weeks is seen 100/82 levels.



Weekly Market Strategy

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