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## NIFTY



Two back to back negative closing on the weekly chart for the benchmark index indicates a strong profit booking or a start of a minor corrective trend.

After forming a bearish dark cloud cover candle stick pattern in the previous week prices continued to drift lower and has also given a breakdown of a rising channel pattern on the daily interval.

For the first time after 28 July Nifty closed below its 21-day exponential moving average on the daily time frame and prices have able to close marginally above its 50- day exponential moving average which is placed at 17500 levels.

The momentum oscillator RSI (14) has drift below 70 levels first time since August after showing a negative divergence at over bought levels on the weekly chart. Oscillator sliding below 70 levels with negative crossover indices an early sign of a short term correction.

As prices have breach its previous support levels which were placed at 17900 levels. Now the important support levels for the Nifty are placed near 17450 levels in case if prices closed below these levels then the gate is open till 17200 levels. The upside resistance is capped near 18000 levels if prices close above these levels than 18300 will be the next level to watch for.

**BANK NIFTY**



Bank nifty on the weekly timeframe has formed a bearish engulfing pattern which indicates reversal of the ongoing trend as more sellers enter the market and they make the prices fall. Currently the index is trading above all its important weekly moving averages.

Looking at the setup, it looks probable that the index can come to test the nearest moving average which is the 21 week EMA, placed at 36730 odd levels.

On the longer timeframe charts, the index still looks strong and has formed an inverse head and shoulder pattern. If we connect the rising trend line from May 2019 to Oct 2021, it can be said that the index is near its neckline breakout level.

Important Weekly supports are placed at 38200-38400 levels whereas on the upside, index is facing resistance near 40000-40200 levels. On the indicator front, the weekly RSI has cooled off and showing a reading of 64.6 whereas the MACD is still showing no signs of weakness. On the ADX front, the strength of the trend still remains intact and is showing a reading of 27.38.

**Sector Look: NIFTY IT INDEX**



Nifty IT on the weekly timeframe is trading near its support level. The index has not been able to continue to make new highs after September 2021 onwards and facing resistance near 37500-37800 levels. Looking at the past trend, the index has lost its steam and has made a Head & Shoulder pattern on the daily timeframe.

Currently the index is trading near 34408 levels which is the neckline zone of this pattern. If index fails to take support at this level, then a breakdown can be confirmed for this pattern and we may see more selling in this sector. The probable targets of this pattern come near 31600 odd levels.

On the indicator front, the weekly RSI has cooled off and showing a reading of 61.6 whereas the MACD has also given a negative crossover. On the ADX front, it is showing a reading of 65.27 which is the all time high level; hence it seems that the strength of the trend may cool off for the time being.

Important supports are placed near 34085-34250 levels and on the upside the index is facing resistance near 35000-35400 levels. The good thing is that the index is trading above all its important moving averages. The nearest weekly moving average that is the 21 Weekly EMA is placed at 32820 which will be crucial for the index in upcoming trading sessions.

**Weekly Stock Idea: ICICIGI**



On the Daily chart ICICIGI has completed 'Bullish shark Harmonic pattern'; the coordinates of which are:

XA leg is from 1408.25 to 1657.30, AB from 1657.30 to 1559.50 (which is 38.20% of XA leg),

BC leg is from 1559.50 to 1675 (which is 113% of the AB leg) and CD leg is 1675 to 1435.15 (which is 200% projection of BC leg & 88.60% retracement of XA leg).

Daily RSI (14) has seems to have bottom out near 30 levels and can expect sharp bounce back from the current levels. We have also witnessed a positive divergence near 30 levels indicates a possibility of a sharp rally in the prices.

Counter has also formed a bullish harami candle stick pattern with long shadows on the daily time frame, which indicates an accumulation from the lower levels.

The support for the counter is placed at 1420 levels and the resistance is capped at 1550 levels.

**Technical Research Analyst****Mr. Rohan Patil****Mr. Harsh Parekh****Disclosure:**

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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>*

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*| CDSL: a) 120 33500 |*

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

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