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NIFTY



Nifty50 is making new life time highs for the fifth consecutive sessions indicating a strong bull market trend is unfolding. The intermediate uptrend remains bullish as the benchmark index continues to make higher tops and higher bottoms over the last several months. Nifty is has been trading above 21 & 50 – week exponential moving averages which gives further evidence of an uptrend. The reason behind Nifty outperformance is the support coming from select large cap IT, FMCG and telecom stocks.

Commerce Secretary says saw \$164 bn in exports in five months of FY22 (April –August), very confident to reach the export target of \$400 bn this year. Market cap of Reliance Industries is back above Rs 16 Lakh cr. The IHS Markit services Purchasing Managers index rose to 56.70 in August – its strongest pace since the pandemic hit the country in March 2020 and well above the 50- level that separates growth from contraction.

There could be throwbacks in the small time frame due to overbought conditions on the short-term chart, but it would be wise to use those opportunity to add open positions as it is a buy on dips market scenario.

As of now, there is no indication of Nifty sliding below the 16800 – 16700 levels, but you never know how global development pan out. The resistance is pegged at 17550 levels. The ideal strategy would be look at the individual stocks rather than the benchmark index.

BANK NIFTY



Bank Nifty has finally broken its consolidation band and has successfully closed above the horizontal trend line support. The change of polarity concept is clearly seen at the current junction as earlier resistance level is acting as an immediate support zone for the banking index.

We have also seen a breakout in the momentum oscillator RSI (14) as oscillator has able to close above its horizontal trend line resistance placed near 58 levels with bullish crossover on the daily time frame. MACD indicator has also taken support near its centreline and currently moving higher with closing above its signal line indicates strength in the current up move.

On the weekly chart prices are trading above upward slanting trend line support and a higher high higher low formation is well intact on the broader time frame. The 21 & 50 – day exponential moving average continues act as an anchor point and any dip near these levels will be an opportunity to add positions in the banking index.

The upside resistance is likely to be capped near 37500- 3770 levels. For now, the support level for the Bank Nifty stands at 36200 – 36000 levels.

Sector Look: NIFTY PHARMA INDEX



The index is currently trading at 14468 levels and has taken support from its 21 Week exponential moving average which is placed at 13914. The index has been an underperformer in recent weeks specifically after weak quarterly results by Dr Reddy labs which has dampened the overall sentiments in pharma pack.

The index has also taken support from its weekly trend line, starting from its March 2020 lows which give confidence that buyers are still not bearish on the index. On the indicator front, the daily RSI (14) is at 59 which indicate that the price is still away from overbought levels. MACD has also started to move back to positive territory.

There is lack of strength in the trend since ADX has cooled off from higher levels indicating sideways to positive trend. Important supports are placed near 13840-14000 levels and resistance is pegged at 14650-14750 levels.

Weekly Stock Idea: HDFCAMC



A swing trade setup is visible for HDFC AMC. The stock can give up to 6 % returns. The momentum is likely to continue as depicted on the weekly charts. The price setup looks promising where a cup pattern is visible.

On the indicators front, MACD line has shown a positive crossover on daily charts and ADX is showing a reading of 19.60 with a rising trend. The RSI is yet to enter into overbought territory indicating that upside potential is still left for the stock.

A falling trend line breakout is also visible, giving a buy signal that the trend on the downside has been arrested.

On the moving average front, the stock is trading well above its 21days EMA indicating that the momentum is strong on the upside.

The counter has likely to complete its accumulation phrase near its horizontal trend line support on the weekly scale. RSI (14) on the daily chart is reading near 70 levels indicates stock still has a lot of potentials to move ahead.

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