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## NIFTY



It was an event-driven week where Nifty50 hold its volatility till the competition of the event and later on bulls confirmed its dominance and prices travelled above its resistance zones confirming the bullish breakout on the daily time frame.

Prices witnessed a throwback in the last couple of trading sessions and eroded its fifty percent gain, but still manage to close two and a half percent higher on the weekly chart.

A double bottom formation with positive divergence works beautifully for the momentum oscillator RSI (14) on the weekly chart and the oscillator never dipped below 50 levels indicating an intact bullish range shift formation. A bullish pole flag pattern on the weekly time frame seems to have completed its throwback near 61.80 percent Fibonacci retracement and the uptrend is most likely to stretch the prices further higher.

From here on 17200 levels will act as immediate support for the Nifty50 and if prices slip below this level then 17000 will be the next support zone for the index. The upper band is capped near 18000 levels for the time being. The options data indicates that the Nifty could remain in a broader range of 17200 – 18000 in the coming days.

**BANK NIFTY**



It was a week where the banking index started to lead from the front and witnessed a breakout of a horizontal trend line resistance on the daily time frame.

Bank Nifty has closed above its trend line resistance placed at 38700 levels and has also crossed above its 61.80 percent Fibonacci retracement which was acting as strong resistance on a previous couple of occasions.

The banking index on Friday closed at 38789, down 220 points, and formed a bearish candle on the daily scale. However, there was a bullish candle formation on the weekly frame, as it gained 2.9 percent during the week.

The prices are well settled above their 21, 50 & 100 – day exponential moving averages on the daily as well as the weekly time frame. The momentum oscillator RSI (14) has formed an inverted head& shoulder pattern on the weekly chart with positive crossover and the breakout of the pattern is expected above 60 levels. The support for the banking index is placed near its previous resistance zone at 38600 – 38400 levels and the upper band is capped near 40000 levels.

**Sector Look: NIFTY INFRA INDEX**



The index is in a consolidation phase and is trading in a tight range of 500 points between 4870 - 5340. Time wise, it's been almost 5 months that sideways trading is being witnessed. Currently it is trading at 5,036 which is very near to its 20 weekly EMA and is likely to continue in this fashion in the upcoming trading sessions too.

Important supports for the index are placed near 4,850-4,950 & on the upside resistance is near 5,240-5,340. Any break of these levels will define the path for the index. On previous occasions too, the index has faced resistance couple of times indicating that sellers have been active at these levels.

On the indicator front, a weekly negative MACD divergence is spotted where; MACD is making lower lows whereas the index is continuing to be range bound. Whereas ADX which shows the strength of the trend is continuously dipping from higher levels indicating consolidation in near term. Momentum oscillator RSI is showing a weekly negative divergence resembling the MACD.

**Weekly Stock Idea: RELIANCE**



The stock on daily charts has made a bearish head & shoulder formation. Currently it is trading near its 200 day EMA which is placed at 2316.84 & below its 20 & 50 day EMA which is a bearish signal in short to medium term. More importantly, the stock has made a lower high lower low formation and is showing no signs of recovery.

The stock is trading near to its neckline of the pattern which means that a break below the neckline will mean the stock weakening further. An important support for the stock is at 2,250-2,275 whereas on the upside the pattern will fail if the stock starts to trade above 2,550-2,570. For Short term, the resistance is near 2,420 levels where sellers have been quiet active.

On the indicator front, ADX which shows the strength of the trend is currently flat but negative DMI turning up. MACD is showing signs of weakness & has given a negative crossover and is trading below its centreline. RSI is near oversold zones and showing a reading of 37 which means that a bounce should be awaited for fresh selling in the counter.



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