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NIFTY



Bears continued to tighten its grip in the Indian market and closed in red with a fall of more than two percent in two consecutive weeks. In the previous week, prices have formed a bullish ABCD harmonic pattern on the weekly chart and it continued to trade with the PRZ (potential reversal zone) of the pattern.

The Momentum oscillator RSI (14) is continually forming lower high lower-bottom formation since the last week of September and has closed near 40 levels with a bearish crossover on the weekly interval.

The volatility gauge index India VIX has shown a trend line breakout on the daily as well as the weekly chart and the VIX is continually sustaining above 24 levels and has also closed above its some important averages.

On the weekly chart, prices have marginally closed below their 50-week exponential moving average but have been able to find support near its horizontal trend line which is placed near 16200 levels.

The trend continues to be weak till the index stays below the 17000 mark. A break below 16150 will escalate the selling pressure and the index can drift towards 15800 followed by 15500 levels.

BANK NIFTY



The Bank Nifty continues to underperform the Benchmark index on the week on week basis and closed in red for the fourth consecutive week with a loss of more than five percent.

The banking index has also given a rising wedge pattern breakdown on the weekly chart and has closed below its 21 & 50 – week exponential moving average, indicating a bear favoured structure.

Prices have also formed a rounding top formation and have closed above its horizontal trend line which is formed at 34000 levels. Since 02nd Feb prices are trading within a lower low lower higher structure and the momentum oscillator RSI (14) on the daily chart has drifted near 30 level with bearish crossover on the cards.

The majority of their indicator and the oscillator on the daily as well as weekly charts are indicating a weak market structure. The immediate support for the Nifty bank is placed at 33900 levels if prices didn't respect these levels then 33000 is a possible level in the coming weeks. The upper band is capped near 35800 levels, a successful close above the same will open the gate for 37000 levels.

Sector Look: NIFTY MID CAP 100 INDEX



Index has been witnessing massive correction as it gives a 4th consecutive week negative closing. A double top formation breakdown on weekly charts is visible. Currently it is trading at 27,517 and is below its 50 weekly EMA support. A break below 28,440 has already signalled a possible move towards 26,000-26,800 zone.

A lower high lower low formation is visible and the trend is likely to continue for some time as sellers are becoming aggressive at every rise. Since the index is trading at its demand zone. We may experience some pullback on the back that most of the indices are trading in oversold conditions. Going forward, Major supports lie at 26,800, further at 24,800 respectively and Major resistance is at 28,400, above which the index can retest 30,450 levels.

On the indicator front, Weekly RSI is forming a lower high lower low formation and Weekly MACD too is showing weakness, and is likely to breach the centreline. Weekly ADX which shows the strength of the trend has also started to give an uptick showing a reading of 21.70 with negative DMI moving up gradually.

Weekly Stock Idea: INDIAN HOTEL



The stock has formed a head and shoulder pattern indicating bearishness in short term.

On the moving average front, it is trading below its 100 day EMA and has given a breakdown of the pattern which confirms the negative bias.

It is highly possible that the stock can retest its 200 Day EMA which is placed at 175 levels.

Moreover the indicators too are pointing towards the same direction where MACD has started to move below its centreline indicating weakness as well as RSI is also showing a reading of 38.81 which is likely to move in oversold areas. ADX which tells the strength of the trend is at 16 with negative DMI making higher highs pointing bearishness for the stock.



Weekly Market Strategy

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