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NIFTY

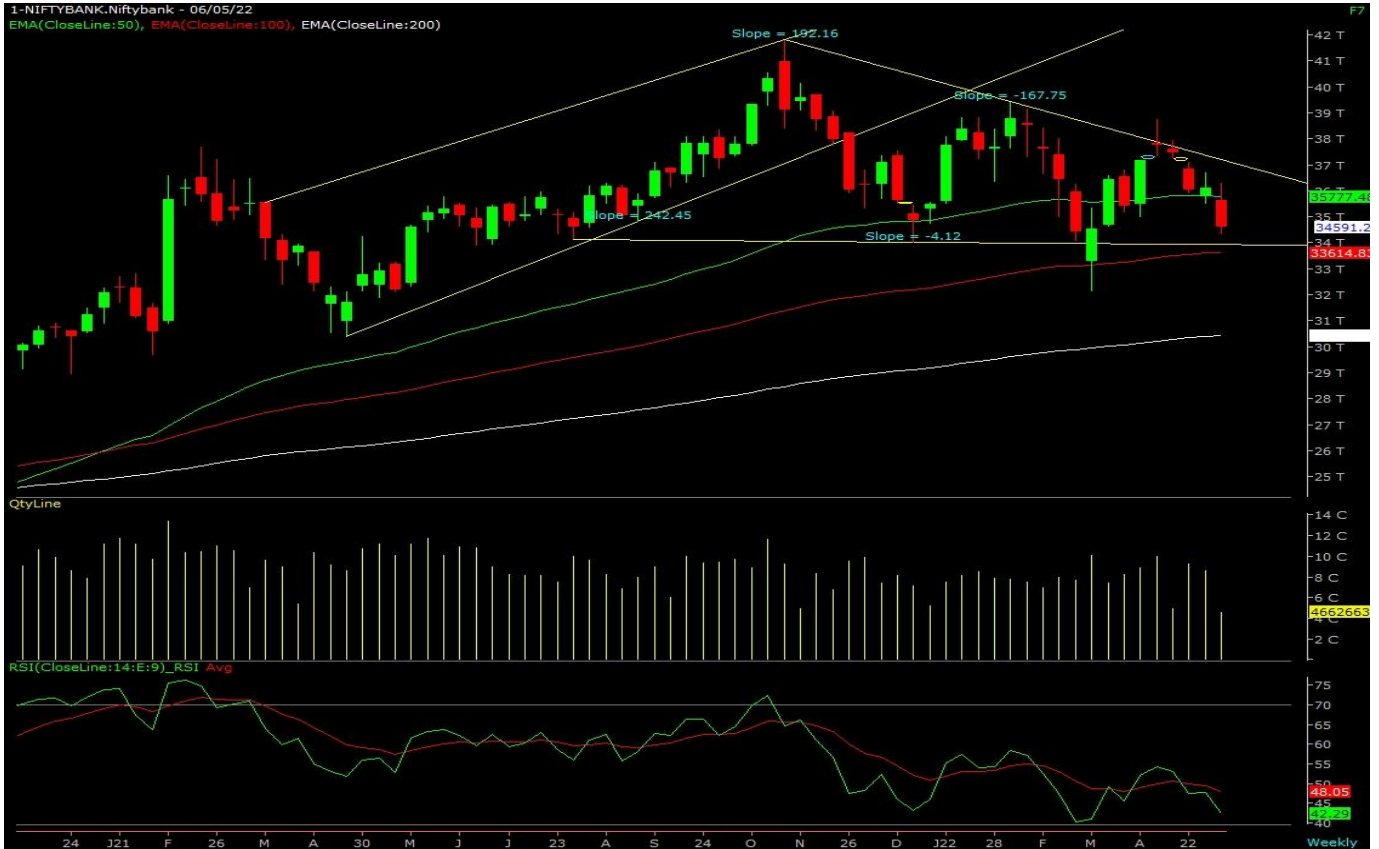


The Nifty50 was trading in a flag pattern formation from last two weeks and formed a lower band support at 16900 levels on the daily time frame. The prices on the 4th May witnessed a massive sell off and index closed below 16900 levels and given a breakdown of bearish flag pattern and further that prices continued to close below its trend line resistance.

This week Nifty closed below its 50 week exponential moving average and drift 4 percent down from its previous week's close. A 4 percent weekly close is a massive sell off which we don't see every day and such type of selling requires weak global clues and a strong news impact. The momentum oscillator has rolled down below 40 levels and has also given a bearish crossover on the daily time frame. The MACD indicator has already drifted below its line of polarity and indicating a weak momentum in the benchmark index.

Nifty is continuing to settle below its trend line resistance and below its (21, 50 & 100) day exponential moving averages. All this bearish set up is indicating sell on rise strategy for the time being. A sharp over sold bounce cannot be ruled in the start of the next week. The immediate support for the Nifty is placed near 16100 levels and below that the gate is wide open towards 15900 levels. The resistance for the Nifty is capped near 16800 levels.

BANK NIFTY



Bank nifty since 5th April is trading within a lower high lower low formation on the daily chart and on 6th May prices witnessed an upward rising trend line on the daily interval.

Same like Nifty the banking index too drift 4 percent on the weekly closing basis indicating a sharp selloff week for the Indian indices. The market is in dilemma that in an arising interest rate scenario, a more hawkish stance by the RBI going ahead could hurt growth.

After facing a strong resistance at the moving average cluster which is placed at 36400 levels prices witnessed a strong reversal on the negative side and closed convincingly below its averages on the daily time frame. The majority of the indicator and oscillator as turned bearish on the both daily and weekly charts which indicate a further selling pressure can be seen in the market.

The immediate support for the Bank Nifty is placed near 34000 levels and the upper band of the index is capped at 36000 levels if the banking index is closed below the said levels then the downside for the prices is open till 33500 levels.

Sector Look: NIFTY REALTY INDEX



Nifty Realty Index is trading in a lower low lower high formation on the both daily as well as weekly time frame. And prices have also formed a bearish cup & handle pattern on the weekly chart whose breakdown will be confirmed below 400 levels.

For the entire week, prices continue to trade below their 50 – week exponential moving average which is placed at 434 levels. The momentum oscillator RSI (14) has given a horizontal trend line breakdown below 50 levels and the indicator has retested in this recent pullback near its trend line resistance.

The immediate support for the Nifty Realty index is placed below its 100 – week moving average which is placed at around 386 levels and the upper band of the index is capped at 470 levels if the Realty index is closed below the said levels then the gate for the prices is open till 370 levels.

Weekly Stock Idea: ABB



From past three month prices have formed a basing formation and in terms of classic technical stock has formed a bullish inverted head & shoulder pattern on the daily interval.

On the 06th May prices have given a decisive breakout above its neckline resistance which is also a breakout of inverted head & shoulder pattern at 2254 levels. The breakout was followed by an above average volume and prices successfully closed above its 21- day exponential moving average on the daily time frame.

The counter is currently outperforming the Nifty on absolute basis. The majority of indicator and oscillator are also in bullish range shift mode and reading above its line of polarity.



Weekly Market Strategy

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Disclosure:

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