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NIFTY



We have again witnessed a sharp trend reversal rally in the benchmark index from 16410.20 levels to 17944 levels with a return of 9 percent in just eleven trading days. Previously on a couple of occasions, we have seen the same sharp V shape reversal rally in the index and post that prices have registered a new lifetime high.

The Nifty50 on the daily chart has given a falling wedge pattern breakout and prices have successfully closed above its trend line support. The previous week's prices were under a bit of pressure and were trading below its 21 & 50-day exponential moving average but a strong breakout in the current week has forced the prices to close above the said averages on the daily time frame.

On the indicator and oscillator front, RSI (14) and MACD are favouring the bullish momentum and have closed above its resistance levels on a daily scale. The prices on the daily chart are trading in a higher top higher bottom formation and indicate a reversal of a trend from bearish to bullish.

In the upcoming week, prices are most likely to face a strong resistance near 18200 levels and above those 18350 levels. While 17500 levels will continue to act as immediate support for the benchmark index and if prices breach that level then 17200 will be the next level to watch out for.

BANK NIFTY



Bank Nifty has outperformed the benchmark index in this current week and has given a return of above six percent on a weekly closing basis. The prices have also given a trend line breakout which was placed at 37200 levels and has closed above the same.

After forming a hammer candlestick pattern on the weekly chart prices have shown a strong reversal on the higher side and have taken support at its 21-week exponential moving average on the weekly chart.

The breakout on the daily chart is confirmed with an above-average price volume and in addition, prices have also closed above their 21 & 50- day exponential moving averages on the daily time frame.

Momentum oscillator RSI (14) has also given a breakout of a horizontal trend line which was placed at 55 levels on the daily chart with positive crossover.

Important supports are now at 37000-36700 and resistance is placed near 38800-39200. The index is in a pullback mode and appears to be in the same lines for the next week too.

Sector Look: NIFTY PSU BANKS



Nifty PSU bank has been forming higher highs and higher low formation on weekly charts and is trading above all its major moving averages.

In the recent fall, it has taken support near its 200 weekly EMA which is placed at 2,409 and has started to travel again northwards.

Currently it is trading at 2,606 which is also the intermediate resistance level. On weekly basis, it needs to close above 2,750 for further upside till 2,850 and 3,000 levels respectively. A wedge formation is in making and it will be interesting on which side the breakout occurs. On the downside there are plenty of supports but the major support lies at 200 Weekly EMA.

Interestingly, a bullish crossover of 50 and 200 weekly EMA can happen which hasn't taken place since 2018. On the indicator front, RSI (14) is mimicking the price action and moreover ADX which shows the strength of the trend has begun to flatten which was earlier giving downtick indicating consolidation and measure in the downtrend.

Weekly Stock Idea: ICICIBANK



The prices were trading in a rectangle formation for the past one and half month and have formed a trend line resistance at 780 levels.

ICICIBANK has broken out of a channel pattern at 772.85 levels on 05th Jan and the prices have registered a decisive breakout that suggests a change in the trend from sideways to upside. Stock is trading above its 21, 50 & 100- day exponential moving averages on the daily time frame, which is positive for the prices in the near term.

The MACD indicator is reading above its centerline with a positive crossover above its signal line. Momentum oscillator RSI (14) is reading above 60 levels which indicates positive momentum will like to continue ahead.

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