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NIFTY



After a major gap down opening on Monday 4th May, the Benchmark index continued to trade in a negative bias for an entire week.

Benchmark Index Nifty formed the Bearish Island reversal pattern in the first week of May 2020. And the recent rally was capped around a 50-day exponential moving average on a daily interval at 9700 level.

Currently Nifty is trading in rising channel formation and closed above its 21-day exponential moving average on the daily chart. A six percent loss in a week indicates a sharp profit booking in the benchmark index.

When we compare the current fall in the Benchmark index with 2008 fall on the monthly chart, we can observe that first retracement after the fall was almost 50% in 2008 and then nifty traded sideways in a narrow range for almost 4 months.

We believe Nifty will hold its bearish bias until and unless it neglects its Bearish Island reversal pattern which is formed at around 9650. In case the Benchmark index fills the gap then there will be a sudden change in the sentiments. Supports are placed at 9100; drift below this level will open the gate for 8800 in the coming weeks.

BANK NIFTY



Bank Nifty, on the other hand, neglecting its previous week's bullish setup and has witnessed a breakdown of the upward rising trend line on the daily chart. A ten percent cut for the week indicates the banking index is underperforming the benchmark index. The banking index is capped under the 21 & 50-day exponential moving averages on a daily interval.

The majority of State-Run Banks are continuously trading with a negative bias with a lower high lower low formation on all time frames. Geopolitical tensions between China & the USA and low April manufacturing PMI data create bearish sentiments among traders, which also increases volatility.

Since all-time high to a recent intermediate low of 16116 banking index has almost retraced 38.20 percent of its entire fall. Momentum oscillator RSI (14) on a weekly time frame has shot up from oversold zone and currently reading just above 30 level with positive crossover on the cards.

On the Higher side, Bank Nifty will initially face a hurdle at around 21200 mark. 21200 level is capped upward rising trend line resistance and break of that level will certainly change the range for the banking index. However, in case of a major decline, support is placed around 18500 and then around 18000 levels for the Banking index.

Sector Look: NIFTY PSUBANK INDEX



Nifty PSUBANK has closed below its previous eight weeks low with weekly closing of almost 11 percent lower and that is negative sign for the index. This structure surely indicates bears are dominating bulls.

Since the index has given breakdown of horizontal trend line on 31st March 2020, the index continues to trade below its trend line and looking week at the current juncture in monthly chart.

In the previous week, a Doji candlestick pattern has formed that occurs when a market's open price and close price are almost exactly the same.

Today index has given a breakdown of the several weeks of consolidation on 8th May 2020 in the weekly timeline.

Index has closed below its all the major simple moving averages on the weekly time frame, which adds more bearish tilt for the index.

Weekly RSI (14) has drifted near 23 level which is an oversold level for the indicator, so a sharp pullback at the current juncture cannot be ruled out.

On the higher end resistance is seen at 1210/ 1290 level on the weekly chart. On the lower end support for the coming weeks is seen at 1150 / 1100 levels.

Weekly Stock Idea: SBILIFE



On the daily chart, stock after several days of consolidation moved above from the range which suggests bullish strength in the counter. Today's candles have cut the previous three weeks high which is a positive sign for the stock.

SBI LIFE has forming a "CUP AND HANDLE PATTERN" on the daily chart that reverses the trend and the price starts rising.

The stock has closed 4.57% higher at 760.05 and formed a bullish candle in the weekly time frame. Prices are firmly holding the support near the 50-days simple moving average which is formed at around 738.42 levels on the daily time frame.

The stock has closed above 21 and 50 DSMA that is placed at 711.21 and 738.42 levels in the daily timeline.

RSI is in a bullish zone after two months of consolidation and other momentum indicators are also supporting the bullish bias.

On the lower end supports are seen at 665/570. On the higher end, the stock may face resistance at 835/ 870 levels.

Based on the above Technical studies we can come out with a view that the price may move towards higher levels over the short period.

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