

Date: 13TH APRIL 2020

NIFTY



Benchmark Index on 09th April 2020 after witnessing a positive breakout of a Pennant Pattern on the daily chart continued to trade higher throughout the day.

Since the past three trading day's market breadth is in favor of the bulls, for every loser, there were more than three gainers.

Nifty weekly chart didn't seem to be that promising due to its straight vertical fall but momentum oscillator RSI (14) is currently below 30 level and the majority of stocks are showing significant oversold rally, so one cannot negate a sharp oversold rally in benchmark index in coming days.

As mention in the previous week report once INDIA VIX settles below 70 level there will be squeeze in the volatility.

On daily chart nifty was able to close above its 21 day exponential moving average, which indicates current momentum can lift nifty higher.

Current chart formation suggests nifty may find major support at around 86400 level which is well supported with an upward rising trend line, which is drawn by joining the lows of 24th March 20. However, on the higher side, the index will continue to face hurdles around the 9400 level. In the case of sharp short-covering and a pennant pattern breakout nifty may go to 9650 level.

BANK NIFTY



Nifty Bank on 09th April has closed above its downward sloping trend line on daily chart, which is drawn by joining the high of 16th March & 27th March 2020.

Nifty bank is currently trading above its Potential reversal zone (PRZ) which was formed at around 18800 and 19500 levels through a Fibonacci retracement. Closing higher above the PRZ indicates temporary arrest for the bears.

Bank nifty is underperforming the benchmark index nifty on the weekly chart which is observed by relative strength (RS) indicator. And among the banking sector, State-Run banks are underperforming private sector banks. In the majority of banking stocks, technical indicators and oscillators are in oversold zone and a sharp short recovery at current stage cannot be ruled out.

On the monthly chart, 200 EMA is currently placed at 15500 odd levels, which will be the most important support for the index. Earlier 200 EMA on monthly chart was only breached on Feb 2009 and that two sustained below it for only two months.

We are expecting Bank Nifty to trade in a broad range of 17000 to 21500 level, breakout on either side will give a classical consolidation range pattern breakout and will define the next level for the banking index

Sector Look: NIFTY PHARMA INDEX



The indexes moved up in the last two trading sessions bringing some comfort to the market participants.

Nifty Pharma index reversed from its low of 6242.85 on the back of recovery across the globe and as the government lifted the curbs on exports of 13 active pharmaceutical ingredients (APIs) and their formulations on 7th April 2020.

On the weekly chart, the NIFTY PHARMA Index has closed 19.55% higher at 8800.45 level and formed a bullish candle. Since the gap up opening on 7th April 2020, the benchmark index continues to trade above its gap and looking stronger at the current juncture.

Among individual stocks, Cadila Healthcare, Dr Reddy's Laboratories, Aurobindo Pharma, Cipla, Glenmark Pharmaceuticals, Lupin, Alembic Pharmaceuticals, Laurus Labs, Torrent Pharmaceuticals, Ipca Laboratories and Sun Pharmaceutical Industries were up 8 per cent to 15 per cent on the NSE.

Stock is trading above its 50, 100-week simple moving average in the weekly chart which signifies buyers are active.

Weekly momentum indicator RSI has given breakout of around 48 level and reading at 59.90 and trading above it which suggests strength in the index.

On the higher end resistance is seen at 9050/ 9300 on the weekly chart. On the lower end support for the coming weeks is seen at 8500 / 7990 levels.

Weekly Stock Idea: BHARTIARTL



BHARTIARTL has closed 15.67% higher at 490.40 and formed a bullish candle in the weekly time frame. Stock has closed above its previous week high, which shows significant recovery towards the end of the week. 50 and 100 week simple moving average is acting as a support which is placed at 407.25 level and 359.43 level, is ready to move upside. Momentum Oscillator RSI (14) is reading above 55 levels.

Majority of indicators and oscillators are showing positive trend for current scenario. Furthermore prices have sustained above all its major simple moving averages.

On the lower end supports are seen at 359/310. On the higher end the stock may face resistance at 520/560 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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