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NIFTY



Benchmark index closed in the green for the second consecutive week after forming a bullish harami candlestick pattern in its previous week's candle. A positive closing after forming a bullish candlestick pattern indicates a conformation for the said pattern.

The lower high lower low formation will be neglected only above 17700 levels till then this can be considered as a short term pullback. On the weekly chart, prices have found support near their 21-week exponential moving average which is acting as an anchor point for the index.

On the options, open interest front, (December 16, 2021) highest open interest addition was seen in the 18500 Call and 2nd highest open interest addition was seen in the 17200 Put contracts, thus we can expect the broader range of the index to be 17200 – 18500.

A momentum oscillator RSI (14) and stochastic have suggested positive crossover on the daily chart. Nifty has reached a good hurdle zone of 17600, if it manages to sustain above the said levels than 18000 will be the next level for the index. The immediate support is coming near 17100 & 16900 levels.

BANK NIFTY



The nifty bank has seen a stunning recovery but still trades below its 20 & 50 days EMA. In the previous week, the index took support from its 200 days EMA, and bulls are trying to make a comeback after relentless selling in the index. Currently, the index is trading near 37,100 and has respected the long-term trend line.

As we can observe on the above weekly chart prices have given the breakdown of a falling channel pattern and the prices are approaching near its pullback zone which is placed near 37500 – 38000 levels.

Indicators are suggesting a pullback is on cards if the index sustains above 37500-37700 zones. MACD has started to rise but still not crossed its 0 lines. Daily ADX is at 28 and beginning to flatten expecting consolidation in the near term. RSI has improved its reading as compared to the previous week but is still below 50 and mimicking the price action.

Important supports are now at 36850-36600 and resistance is placed near 37600-37700 which is also the 50 day EMA.

Sector Look: NIFTY PSU BANK INDEX



Nifty PSU banks have been a major contributor in the pull back of banking stocks. The index has been trading in a higher top higher bottom price formation since April 2021 and is expected to continue this pattern in upcoming trading sessions. Currently the index is trading at 2,796.45 and above all its major moving averages.

On the indicator front, RSI is suggesting the momentum to continue northwards. Though MACD is still below the zero line but has given a positive crossover. As per price formation, a rising wedge pattern is in the making.

Important supports are at 2,650-2,750 zones and on the upside 2,970-3,065 are immediate resistance. A large green candle formed in the previous week suggests good traction from buyers. The momentum is likely to stay on the upside with the risk-reward ratio being favourable.

Weekly Stock Idea: BANK BARODA



The stock has formed a large green candle in the previous week suggesting bullish momentum expected to continue in upcoming trading sessions. The stock has moved beyond its 200 Weekly EMA which is placed at 93 suggesting fresh buying may start.

It has taken support from its 21 weekly EMA which is placed at 88. Looking at the risk reward ratio, the stock is better placed than other PSU sector banks. On the indicator front, weekly RSI is at 58.21 and is running northwards mimicing the price action. ADX which tells the strength of the trend is at 27 and is rising indicating that the trend will continue in the same direction.

Immediate Supports are placed at 88-90 and on the upside resistance is placed at 100-102. On the price action front, a rising wedge is in the making but it is too early to say which side a breakout can occur.

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