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NIFTY



Nifty50 from the last four trading sessions is trapped within a very narrow range and has formed four small candles which can be indicated as a spinning top formation or indecision on the daily time frame. Since 28th July Benchmark index is trading in a rising channel pattern and continues to trade in a higher top higher bottoms formation. On the 6th of Sept, prices register their lifetime high of 17429 and are capped under the upper band of the rising channel pattern on the daily interval.

Advancing stocks outnumbered falling ones by 957 to 728 and 70 ended unchanged; on the BSE, 1755 rose and 1281 declined, while 145 ended unchanged on the NSE. The India VIX, which measures the implied volatility of Nifty 50 options, was down 3.24 % to 13.94.

Momentum oscillator RSI (14) is settled in an overbought zone which is above 70 levels on the daily chart. Whenever the index or any stock is in a bull run and indicator is showing an overbought scenario one can expect a sideways time-wise correction in the counter.

The support for the Nifty is placed at the lower band of the rising channel pattern which is placed near the 17000 levels on the daily time frame. The resistance is capped under the upper band of the pattern and the breakout above 17450 will open the gate 17600 levels in the coming trading sessions.

BANK NIFTY



After a breakout above its rectangle pattern Bank Nifty has most likely completed its throwback near its trend line support on the daily time frame. The change of polarity concept is seen at the current junction as the earlier resistance level is acting as an immediate support zone for the banking index.

Banking index continues to trade above its 21-day exponential day moving average on the daily chart and is acting as an anchor point for the index. Momentum oscillator RSI (14) is reading in a very range between 55 – 65 levels on the weekly time frame indicates probability of the range breakout on the higher side.

On the weekly chart, prices are trading above upward slanting trend line support and a higher high higher low formation is well intact on the broader time frame. Bank nifty may witness buying in the near term after it has seen a small correction.

Even if Bank Nifty corrects for some reason, it should be considered a buying opportunity. The support for the Bank Nifty is placed near 36100 – 36000 levels and the upside resistance is likely to be capped near 37500 levels.

Sector Look: NIFTY IT INDEX



The index is currently trading near its all time high levels of 34800. On the price action front, the index seems to have stretched, though it is trading well above its 21 Days EMA which is placed at 33800. In the past 2 trading sessions, profit booking was clearly visible on account of weak dollar. A doji candle is formed on the weekly charts which explain indecision and maybe even a sign of reversal of the ongoing trend.

A retracement cannot be ruled out in upcoming trading sessions back to its near term demand zone which is at 33785 - 34050. This level will act as important support zone in the upcoming week. On the upside resistance is pegged at 35500-35700 levels.

On the indicator front, RSI on daily charts was at overbought levels which has cooled off and is showing a reading of 68.50 whereas MACD line has crossed its signal line on the downside which tells us that there can be some downside possible in the upcoming days. ADX is showing a reading 62.9. Last year too, in the month of August, ADX showed a reading of 65 which was its highest point and topped out there onwards which tells us that the strength of the trend can fizzle out.

Weekly Stock Idea: APCOTEX



A Price-volume breakout trade has been spotted on daily time frame chart for this stock. The stock has shown a healthy run up in the month of April and May and has been consolidating since last 3 months. Looking at the price action, it is poised for another run up.

Today's move has broken its falling trend line resistance and also breached its 52 week high levels along with huge volumes which indicate us that there is positive bias for this counter.

The stock hasn't breached its 20 weekly EMA since ever since March 2020 lows. On the indicator front MACD has given a positive crossover and ADX has also started to give signs of positive momentum.

RSI hasn't reached overbought levels which tell us that the stock can see more upside in coming trading sessions. Important support is placed near 365 levels which should act as a buy on dip opportunity for this stock.

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