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NIFTY



Bulls finally showed some strength after an almost 9 percent drawdown in last seven weeks and formed a bullish engulfing candlestick pattern on the weekly time frame.

The nifty has taken a strong support of its horizontal trend line which is placed at around 16100 levels and has also given a gain of above two percent on the weekly chart.

The volatility gauge indicator India VIX is showing a sideways movement from the last few trading sessions and is founding a strong resistance at 30 levels. India VIX on this week has drifted more than nine percent and closed at 25.34 but still reading above its 21 WEMA which is placed near 20 levels.

The momentum oscillator RSI (14) has formed a double bottom pattern near 30 levels which is the oversold level for the oscillator and further that witnessed a sharp rally in the prices.

The upper band of the Nifty is currently placed at 17000 level and the immediate bottom for the nifty is made near 15600 levels. We are expecting the prices to trade within this broad range with amid volatility on the cards.

BANK NIFTY



The bank nifty has made an inverted cup and handles formation on the weekly chart and has taken a strong support near its horizontal trend line placed near 33800 levels.

This week the prices have made a low of 32155 but made a smart recovery after forming a V shape reversal rally and closed at 34546 with a gain of close to half percent on the weekly chart.

The banking index has closed marginally above its 50-week exponential moving average which will act as an anchor point in the coming weeks. The momentum oscillator RSI (14) has drifted near 40 levels and is very close towards its oversold territory.

The immediate support for the Nifty bank is placed at 33150 levels if prices didn't respect these levels then 32500 is a possible level in the coming weeks. The upper band is capped near 36000 levels; a successful close above the same will open the gate for 37000 levels.

Sector Look: NIFTY ITINDEX



The index has started to trade above its 21 weekly EMA after forming a base for almost 6 weeks. Currently the index is trading at 35348.70 & has taken a support from its 50 week EMA. The index has largely been a beneficiary with dollar strengthening against the rupee.

A falling trend line breakout is visible and the trend can continue on the upside.

The index was trading near oversold areas since last 2 weeks and hence the pullback can continue with momentum shifting on bull side. Going forward, important supports for the index lies near 33,250-33,850 whereas resistance lies 36,840-37,490.

On the indicator front, Weekly RSI has again started to move above 50. Weekly ADX which shows the strength of the trend though hasn't yet confirmed the uptrend.

Weekly Stock Idea: SUN PHARMA



The Stock has been among the outperformers of this week and can extend gains in upcoming trading sessions. It is currently trading above all its major moving averages and has formed a strong weekly green candle indicating strength in the counter.

A cup pattern is visible in the stock and is set to break its 5 yr highs. The stock has the potential to continue its upside momentum with indicators pointing towards the same direction.

The MACD on the daily charts has given a positive crossover and has started to move above its centerline. Momentum oscillator RSI is also showing a reading of 65 which tells that bulls have a grip on the stock. ADX which tells the strength of the trend is also giving an uptick with positive DMI moving upwards indicating the momentum is likely to continue.



Weekly Market Strategy

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Disclosure:

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