

Date: 14th Sep 2020

NIFTY



After previous weeks bearish candlestick formation Nifty 50 traded within a previous week's candle range and closed with marginal gains.

The Benchmark index witnessed a sharp smaller degree V shape reversal from 11200 levels and closed above 11400 zone.

Indian indices traded with volatility on the back of weak global cues and ongoing coronavirus spread. The geopolitical concerns between India-China and global market volatility would continue to weigh on markets in the immediate term.

One can say there is a cluster of bearish patterns hanging around the benchmark index and one would like to initiate a Bear Put spread strategy on the benchmark index.

A break of 11200 will initiate a next leg of selling for the benchmark index meanwhile a close above 11650 will negate the bearish set in Nifty50.

BANK NIFTY



The red candle after the bearish dark cloud cover candlestick pattern on the weekly chart gives us the confirmation of the valid bearish structure.

On the weekly chart, there is a cluster of exponential moving averages (50, 100,200) hanging around 24000 – 25000 zone and Bank nifty has taken resistance in the same zones.

Momentum Oscillator RSI (14) on the daily chart has witnessed a sharp reversal from 70 level and currently settled near 45 level with negative crossover.

A Bearish dark cloud pattern followed by a close below its trend line resistance can call for some further consolidation with bearish tilt. Moreover, underperformance on a weekly scale still continues for bank nifty against the benchmark index.

A break below 22000 will witness a breakdown in the daily time frame and this could drag Bank Nifty towards 21200 meanwhile resistance is placed at 23600 levels.

Sector Look: NIFTY INFRA INDEX



On the weekly time frame, V shape reversal rally has almost completed 88.60 percent retracement of the entire downswing seen from January 2020 top to March 2020 bottom.

On the Daily chart, index after several days of consolidation moved above from the range which suggests bullish strength in the counter. Index has given a breakout of the “Consolidation Pattern”.

NIFTY INFRA has closed 3.77 % higher 3290.65 and formed a bullish candle in the weekly time frame. The Index has closed above its previous week high, which shows significant recovery towards the end of the week.

The weekly chart is currently providing strong evidence for further prospects meanwhile 21 and 50 days simple moving average on the daily chart is acting as an anchor point for the benchmark index. RSI (14) is reading near to 60 on a weekly timeline.

On the higher end resistance is seen at the 3375/3415 level on the weekly chart. On the lower end support for the coming weeks is seen 3217/3170 levels.

Weekly Stock Idea: HCLTECH



HCLTECH is trading against the wind and outperforming the benchmark index on the majority of time frames.

Stock on the weekly chart is moving in the range from past few trading sessions and made an attempt to move higher.

The key technical indicators on the near term timeframe are in buy mode. The stock has the potential to continue the current up move and will test higher levels.

The counter is trading above its (21 & 50) day exponential moving averages on a daily time frame which positive for the counter.

Traders can accumulate the stock in a range of 720 - 724 for the target of 800 with a stop loss below 675 on a daily closing basis.

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SEBI Regn. No.: INZ000212137

BSE CM: INB 011110237 | BSE F&O: INF 011110237 | MSEI: INE 260637836

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NSDL: a) IN 301477 | b) IN 301688 (Delhi) | PMS: INP 00000985 | AMFI: ARN -0186

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