

Date: 18<sup>th</sup> January 2020

## NIFTY



Nifty50 witnessed a positive gap up opening in the start of the week and later on traded in a very narrow range and on Friday market witnessed a sharp fall and formed bearish engulfing on the daily chart.

Nifty on Friday's session has given the first signs of reversing after a steep rise. Advance decline ratio has also raised concerns over the last few days of the possibility of a formation of a short term top.

This week prices have closed above the resistance of the upper band of the rising channel pattern on a weekly interval. Daily RSI (14) has reached 80 levels and witnessed a sharp fall and closed below near 70 levels on daily closing basis. Previously on 18th Dec 20, when daily RSI reached near 80 levels Nifty witnessed a sharp single-day falls in the next immediate trading session.

India VIX on weekly closing chart was up by 16.33% from 20.64 to 24.01 levels. Volatility is moving upwards because of rising Call IV and now it needs to cool down below 20 zones to form the higher market base.

Technical indicators suggests that the market is likely to witness intraday volatility in the upcoming sessions while bias is likely to remain in favor of bulls as long as Nifty is trading above 14150 levels. Resistance is pegged at 14650 levels. Breakout above the new high will open the gate for 14800.

**BANK NIFTY**



Bank Nifty traded in an extremely narrow range thought-out the week and formed Doji candle stick pattern on the weekly interval. Banking index this week registered its lifetime high levels and looking positive to accelerate higher.

Prices are trading in a rising channel formation and settled above its 21-day exponential moving average on the daily time frame.

Higher high Higher Low formation is well intact on Momentum Oscillator RSI (14) with positive crossover on the cards. MACD is reading above zero line with positive crossover, which is bullish sign.

As banking index is near all time high level, base support for index is inching higher, which is placed at around 31000 levels which is supported by a horizontal trend line on weekly interval. A breach of 31000 mark on closing basis will drift banking index lower towards 30000 level.

**Sector Look: NIFTY FMCG**



Nifty FMCG is forming a higher highs higher lows formation on a weekly scale .21 days simple moving average is acting as a strong support which is placed around at 34521.25 on daily time frame.

The stock closed 1.03 % percent higher at 34630 level and formed a Doji kind of pattern on the weekly chart. Currently prices are trading near all time high and have closed above its previous week high.

Index is trading above all the indicators and oscillators in the weekly time line. Momentum Oscillator RSI (14) is reading above 50 levels with positive crossover, which is positive for the index.

On the lower end supports are seen at 33980/32570 on weekly chart. On the higher end break of 35000 will open the gate for 35375 levels in coming weeks.

**Weekly Stock Idea: ITC**



Over the past few weeks, ITC has been hovering around Rs 200- 220 levels, which historically has been a psychological demand zone for the stock. Overall sentiments looks positive as index has shown strong strength towards upside.

In weekly time line, Stock is trading between the 50 and 100 days simple moving average which is placed around at 190 and 225. Smaller degree 'Rising channel pattern' has formed in daily time line.

The stock closed 8.11 percent higher for the week and closed at 217.85 and formed a strong bullish candle on the weekly scale suggesting bulls are holding a tight grip.

Momentum Oscillator RSI (14) is reading near to 60 levels with positive crossover, which is positive for the index

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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