

Date: 20<sup>th</sup> DEC 2021

**NIFTY**



Bears are getting aggressive at Dalal Street and have closed forcefully below its 21-week exponential moving average on the weekly time frame. Benchmark index has closed three percent lower on the weekly basis and has engulfed its previous week's green candle and formed a bearish engulfing candlestick pattern.

On the daily interval, prices have comfortably settled below their 21 & 50 DEMA which is a negative sign for the index. Momentum oscillator RSI (14) has drifted below 40 levels with a bearish crossover on the daily chart.

India VIX, a gauge of market volatility, was up by 2.75 percent from 15.89 to 16.33 levels. Volatility is unable to sustain at lower levels and paving way for the bears. It needs to cool down for stability in the market.

We witnessed a refill rally from 16900 to 17600 levels but prices were not able to neglect its lower high lower low formation on the daily chart and found strong resistance at 17600 levels.

Currently, Nifty is expected to trade in a range between 17400 – 16750 for the next few trading session until and unless prices are not giving any superior move on either side of the range.

**BANK NIFTY**



Nifty bank has witnessed almost a 2,000 points swing in this week where it registered this week's high of 37,581 and low of 35,535 while closing near to week's low at 35,618. The index is trading below its 21 weekly EMA which is placed at 36,908 but still above its 50 and 200 weekly EMA. A pull back in the previous week did not sustain and this week's selling has completely engulfed the previous week's buying.

On the indicator front, weekly RSI has dipped below 50 indicating the momentum is on the downside whereas MACD also has started to show weakness as a negative crossover has happened but still above the zero line. Weekly ADX which shows the strength of trend has given a downtick and is showing a reading of 25 which indicates consolidation to negative trend in near term.

Important supports are now at 34800-35000 and resistance is placed near 36000-36200. The index is in a corrective mode and appears to be in the same lines for the next week too.

## Sector Look: NIFTY IT INDEX



Nifty IT index has been an outperformer in this week after positive upbeat earnings from Accenture turned the sentiments for other IT stocks too. Index has been in a consolidation mode since mid of September after a massive rally since March 2020. Currently the index is trading at 36,647 near to its all time high of 37,823.

With the rupee weakening against dollar, this seems to be one of the major factors for Indian IT co's to see incremental inflows. Index is exactly at the falling trend line resistance and trying to break it for further up move. A break above 37500-37800 zones will mean the index is set to move further northwards.

On the indicator front, weekly RSI is at 64 and currently mimicking the price action. The momentum is on the upside but multiple resistances will have to be taken out. Prices are trading above all its major averages. Weekly ADX which shows the strength is at 56.30 and giving a downtick which means the index is to consolidate in near term till a decisive breakout doesn't happen.

**Weekly Stock Idea: TECHM**



The prices were trading in an ascending triangle formation for the past one and half month and have formed a trend line resistance at 1625 levels.

TECHM has broken out of a channel pattern at 1625 levels on 14th Dec and the prices have registered a decisive breakout that suggests a change in the trend from sideways to upside. Stock is trading above its 21, 50 & 100- day exponential moving averages on the daily time frame, which is positive for the prices in the near term.

The MACD indicator is reading above its centreline with a positive crossover above its signal line. Momentum oscillator RSI (14) is reading near 60 levels which indicates positive momentum will like to continue ahead.

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