

Date: 20<sup>th</sup> January 2020

## NIFTY



Despite the narrow range trading in week for benchmark index, sector specific buying was witnessed in specific stocks. Steady increase in advance decline ratio throughout the week indicates broad base buying in stocks, as increase in market breadth is always a positive factor for the overall market.

Index has successfully negated its bearish pattern set up on daily time frame and reclaimed it's all time high level on 16th Jan 2020. Whenever we find failure of bearish pattern strong positive surge is expected in coming sessions

A previous long trailing trail candle stick pattern has definitely created a strong base for the Nifty fifty around 12 mark. This week's candle is definitely small but it has successfully given breakout of its previous four weeks consolidation range.

Nifty is sustaining above its 20, 50 and 100 days Simple moving average on daily time frame. Daily RSI (14) is reading near 60 levels with positive crossover which is positive for near future.

However, looking at the recent movement volatility will be at its peak due to nifty is trading in an uncharted territory, so trading with proper stop loss is advisable. Drift below 12100 may seen further correction or extended selling till 11900 in coming trading session. Going forward, any uptick in nifty can get capped near its next resistance zone of 12514/12600 which is supported by Fibonacci ratio.

**BANK NIFTY**



Bank nifty has definitely underperformed the Nifty fifty for this week and closed more than 1.50% down on weekly closing basis. Formation of this week's candle has engulfed the previous weeks candle's body and formed bearish engulfing pattern.

Overall structure is nicely poised above its 20, 50 & 100 week exponential moving averages.

The Bank Nifty, on the other hand, is likely to outperform the Nifty, where prices have bounced back from the important support levels and the RSI has formed double bottom reversal pattern on daily chart. Traders should adopt buy on dips strategy in the banking index till its trading above 31,000.

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 at 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 marks on closing basis will drift banking index lower towards 30500 levels.

The current bullish momentum could take the nifty bank towards 32500 - 33000 levels which is concluded by the Fibonacci ratios.

**Sector Look: NIFTY PHARMA**



On daily chart NIFTY PHARMA INDEX has given breakout of “Triangle pattern” on 17<sup>th</sup> January 2020. Index closed 1.73 % higher at 8371.60 and formed a bullish candle on the daily chart. On Weekly chart, index has formed a ‘Falling Wedge Pattern’. Currently prices are trading above its upward rising trend line support and have closed above its previous week high. On weekly time frame, 20 days simple moving average is acting as a support which is placed at 7907.91 levels and it is trading between the 20 and 50 simple moving average.

Momentum Oscillator RSI (14) is reading above 65 levels with positive crossover, which is positive for the index. MACD indicator is reading above its line of polarity with positive sentiments.

On the lower end supports are seen at 8040/ 7940 on weekly chart. On the higher end break of 8400 will open the gate for 8600 levels in coming weeks.

**Weekly Stock Idea: BAJAJAUTO**



On weekly time frame, Bajaj Auto after witnessing a breakout of its “Triangle Pattern” on 18<sup>th</sup> Oct 2020, prices is consolidation above its trend line support. Prices are trading above its trend line on weekly chart; which is acting as a support and currently placed around 2979.51. 20 and 50 days simple moving average is closing following the prices which are currently placed at 3089.75 and 2958.44 level on weekly time line.

Nifty Auto index has formed ‘Cup and Handle Pattern’ and currently prices are trading above six weeks high on the weekly chart. Index is trading above 20 and 50 simple moving average and which is acting as a support on weekly time line.

On weekly chart, Momentum Oscillator RSI (14) is reading above 50 levels. On previous two occasions whenever RSI (14) has drift near 50 levels steady reversal in prices has been seen in weekly chart.

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.



## Technical Research Analyst

Mr. Rohan Patil,

Mrs. Pooja Jain

### **Disclosure:**

Bonanza Portfolio Ltd here by declares that views expressed in this report accurately reflect view point with subject to companies/securities. Bonanza Portfolio Ltd is responsible for the preparation of this research report and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations. Bonanza Portfolio Ltd or its associates or Analyst or his relatives may or may not hold beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of this research report.

Bonanza Portfolio Ltd operates under the regulation of SEBI Regn No.INM000012306

### **Disclaimer:**

This research report has been published by Bonanza portfolio Ltd and is meant solely for use by the recipient and is not for circulation. This document is for information purposes only and information / opinions / views are not meant to serve as a professional investment guide for the readers. Reasonable care has been taken to ensure that information given at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as such. If this report is inadvertently send or has reached to any individual, same may be ignored and brought to the attention of the sender. Preparation of this research report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Past performance is not a guide for future performance. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by Bonanza portfolio Ltd to be reliable. This report should not be taken as the only base for any market transaction; however this data is representation of one of the support document among other market risk criterion. The market participant can have an idea of risk involved to use this information as the only source for any market related activity. The distribution of this report in definite jurisdictions may be restricted by law, and persons in whose custody this report comes, should observe, any such restrictions. The revelation of interest statements integrated in this analysis are provided exclusively to improve & enhance the transparency and should not be treated as endorsement of the views expressed in the analysis. The price and value of the investments referred to in this report and the income from them may go down as well as up. Bonanza portfolio Ltd or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of Bonanza portfolio Ltd shall be liable. Research report may differ between Bonanza portfolio Ltd RAs and other companies on account of differences in, personal judgment and difference in time horizons for which recommendations are made. Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. Research analyst have not received any compensation/benefits from the subject company or third party in connection with the research report

*Bonanza Portfolio Ltd. Bonanza House, Plot No. M-2, Cama Industrial Estate. Walbhat Road, Goregaon (E), Mumbai – 400063 Web site: <https://www.bonanzaonline.com>*

*SEBI Regn. No.: INZ000212137*

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

*| CDSL: a) 120 33500 |*

*NSDL: a) IN 301477 | b) IN 301688 (Delhi) | PMS: INP 000000985 | AMFI: ARN -0186*

2018 © [Bonanza Portfolio Ltd.](#)



# Weekly Market Strategy