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NIFTY



It was a bear-dominated week for the benchmark index where four out of five trading days closed in a red and formed a three-black crow bearish candlestick pattern on the daily time frame. On Friday 21st Jan nifty recovered 50 percent of its fall and formed a long leg Doji candlestick pattern on the daily interval.

In the past four weeks, Nifty50 rallied almost 2100 points and in the recent week, we witnessed a fall of almost 750 points which is 38.20 percent retracement of the rally which started from 16400 levels till 18350 levels.

In the last week, both FIIs and DIIs are the net sellers in the market and one of the primary reasons for the fall in the market. The index has also formed a bearish alternate shark harmonic pattern on the daily chart and prices have closed below its PRZ (potential reversal zone) levels.

Presently the support for the benchmark index is 17480 and 17360 which is supported with 100-day exponential moving averages and the resistance for the index is capped at 18000 and 18150 levels.

BANK NIFTY



The nifty bank has given a negative closing this week with increased volatility due to global macroeconomic data impacting the domestic markets. Currently, the index is trading at 37,574 and above its 21 weekly EMA which is placed at 36,930. In the previous fall, the index took support near 50 weekly EMA and rallied almost 4,500 points so this can be a pause in the ongoing trend.

37,000 will be seen as good support, following which 36,500 will act as strong support. On the upper side, 38,200 will act as immediate resistance post which 38,800 will be the next hurdle. If the fall continues which looks likely looking at the global cues then, 50 weekly EMA will hold crucial which is placed at 35,200. Moreover, markets will also react to the earnings of ICICI Bank which is a heavyweight counter in the banking index in early trade on Monday.

On the indicator front, momentum oscillator RSI is showing a reading of 53.9 which is still healthy. The MACD is still trading marginally above its 0 lines and is showing some sort of fatigue. ADX which shows the strength of the trend is flat, indicating a sideways trend.

Sector Look: NIFTY PHARMA INDEX



On the weekly charts, Nifty pharma is trading below its 50 weekly EMA which is placed at 13,461. It has already breached its 21 weekly EMA and the structure looks like further downfall is due in coming week. Currently the index is trading at 13,243. Previously the index had bounced back from 13,000 levels but it failed to register a new high. Following which a lower top lower low pattern is in the making.

The immediate support for the index lies at 13,000 following which 12,500 will act as crucial level. On the upside it has to cross and close above 13,800 level in order to start its northward trajectory. It has already breached the rising trendline drawn from 2020 lows which is again a sign of weakness.

On the indicator front, momentum oscillator RSI has moved below 50 and is showing a reading of 42 and may even soon enter in oversold territory. The MACD is still trading marginally below its 0 line and is showing signs of weakness based on the histograms formed on weekly chart. ADX which shows the strength of the trend is pointing upwards, indicating a soon to be trending market with negative DMI also moving up.

Weekly Stock Idea: SPARC



The prices were trading in a symmetrical triangle formation for the past four months and have formed a trend line resistance at 300 levels.

SPARC has broken out of a symmetrical triangle pattern at 327 levels on 07th Jan and the prices have registered a decisive breakout that suggests a change in the trend from sideways to upside. From the last two weeks, prices have given a throwback near its trend line support, which is placed near 310 levels.

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 centerline 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.



Weekly Market Strategy

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Disclosure:

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