

Date: 25th January 2020

NIFTY



It was a historical and very special week for the Indian stock market as SENSEX touches 50 thousand for the very first time. Nifty50 after registering its lifetime high on 21st Jan, witnessed back to back selling their after.

The Benchmark Index is trading within a rising channel formation on the daily chart which confirms the higher high higher low formation.

INDIA VIX after facing a stiff resistance near 25.50 levels has closed below 23 levels and drift six percent lower for almost two consecutive days and lost more than six percent on the weekly closing chart.

Momentum oscillator RSI (14) is still reading above 70 levels with a positive crossover on the weekly chart. And the daily prices are trading well above their 21-day exponential moving average.

However, in the short-term, we might see a mild correction. A breach of the 14200 mark will witness a breakdown of the rising channel pattern. While 14750 will be a stiff resistance for the Nifty50.

BANK NIFTY



Bank Nifty after registering its lifetime high on 21st Jan, witnessed a heavy profit booking and drift more than four percent their after.

Tall red candle of banking index has engulfed its previous couple of weeks candle and closed with a loss of more than three percent on the weekly closing basis.

Prices have formed a bearish Double top pattern on the weekly time frame which indicates we may witness a sharp profit booking in the coming sessions if prices don't close above the pattern.

Moreover, Index has witnessed a four months long rising channel pattern breakdown on the daily interval and the price has closed below its 21-day exponential moving average.

Momentum Oscillator RSI (14) was trading above 70 levels for the past one month on the weekly chart. But due to massive selling in this particular week, RSI has closed below 70 levels with a bearish crossover.

As there is a cluster of bearish patterns in the Banking Index, we are expecting Bank Nifty to trade on a bearish note in the coming trading sessions. Support for the index is placed near 30250 which are supported with a 50-day EMA and resistance is pegged near 32300 levels.

Sector Look: NIFTY AUTO



Nifty Auto Index closed in the green for a fourth straight week this indicates the Auto index is currently outperforming the major indices.

The auto index has witnessed a breakout above its resistance of horizontal trend line and currently trading above all its major exponential moving averages on the weekly interval.

Since April 2020, an Auto index is trading in a higher high higher bottom formation on a weekly chart. Momentum Oscillator RSI (14) is reading well above 70 levels with bullish crossover. RSI above 70 levels indicates an overbought zone but it does not mean an immediate selling will occur. An index may consolidate in a narrow range in the coming weeks.

The majority of Auto stocks have witnessed a consolidation breakout on their daily and weekly timeline which is extremely positive for the entire sector.

On the lower end supports are seen at 9863/9800 on a weekly chart. The higher-end break of 10900 will open the gate for 11300 levels in the coming weeks.

Weekly Stock Idea: HEROMOTOCO



HEROMOTOCO from the past couple of months was trading within a narrow range consolidation on the daily time frame. On 22nd January, prices finally witnessed a consolidation breakout and trading above their trend line support.

In this recent price spurt stock has given a breakout about its cluster of moving averages (21 & 50 days) on a daily time frame, which is extremely positive for the counter.

The recent leg of strong up-move is also supported by strong volumes and it also resembles a strong consolidation breakout.

Positive divergences on secondary oscillators with rising volumes also suggest that the up-move could continue in the upcoming sessions as well.

Based on the above Technical studies we can come out with a view that the price may move towards higher levels over a short period.

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