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NIFTY



Benchmark index on the daily chart after witnessing the breakdown of the Rising wedge pattern on 15th May indicated negative momentum for the week. Then for the rest of the week market witnessed two sharp upswings to complete the pullback of the bearish setup.

Nifty settled below its extended lower band of the rising wedge pattern for the straight sixth trading session in a row and trading below its short term 21 day EMA on a daily interval.

Its major technical indicators remained in sell mode and overall market breadth on an average too remained negative for the week.

Nifty continued to shut the shop in red for three consecutive weeks in a row and also closed below its previous weeks low.

As market volatility is on the higher side one should stick with hedge strategy in case of future and options.

We believe the index will remain pressure as major parameters were in favor of bears. In case of decline, Nifty will find support around 8800 and then 8500 mark. On the higher side, the index will face an initial hurdle around its 50 days EMA placed around 9450 level.

BANK NIFTY



Unlike Nifty, BANK NIFTY too has witnessed bearish Head & Shoulder Pattern breakdown and index currently stained below its neckline resistance on a daily scale.

The underperformance of the banking index is quite easily visible on the Relative Strength (RS) indicator. Since the past few trading session, a Gap up opening in the Benchmark Index is getting screwed by selling pressure in the banking index.

RBI governor on 22 May 20, announced three major measures which includes, a) a 40 bps rate cut, b) three more months extension of loan moratorium, and c) 15000 crore refinance facility. The moratorium extension coupled with advance rate cut gives a sense about the RBI assessment that stress in the banking system will continue.

More than 15 percent drop in last three weeks clearly indicates pressure among the banking sector. We believe the index will remain pressure as major parameters were in favor of bears.

In case of further decline, Bank Nifty will find support around 16100 mark which is march low. On the higher side. the index will face an initial hurdle around its 21 days EMA placed around 18800 level.

Sector Look: NIFTY PSUBANK INDEX



Nifty PSUBANK has closed below its previous eight weeks low with weekly closing of almost 8.09 percent lower and that is negative sign for the index. This structure surely indicates bears are dominating bulls.

Since the index has given breakdown of falling wedge pattern on 28th Feb 2020, the index continues to trade below its trend line and looking week at the current juncture in monthly chart.

In the previous week, a Doji candlestick pattern has formed that occurs when a market's open price and close price are almost exactly the same.

Today index has given a breakdown of the several weeks of consolidation on 8th May 2020 in the weekly timeline.

Index has closed below its all the major simple moving averages on the weekly time frame, which adds more bearish tilt for the index.

Weekly RSI (14) has drifted near 23 level which is an oversold level for the indicator, so a sharp pullback at the current juncture cannot be ruled out.

On the higher end resistance is seen at 1250/ 1395 level on the weekly chart. On the lower end support for the coming weeks is seen at 1068 / 998 levels.

Weekly Stock Idea: COROMANDEL



After consolidating in a broad range of 590-633, prices has witnessed a positive strength on the daily and weekly timeline. In the previous week, stock has witnessed profit booking but this gave a bullish strength with above-average volume, which indicates optimism towards the prices.

21 days simple moving average is acting as strong support which is placed at 585.11 on the weekly time frame. Moreover, on the daily time frame, 21 and 100 days of simple moving average is acting as an anchor point which is placed at 599.57 and 579.96 levels. Overall sentiments look positive as the stock has shown strong strength towards the upside.

On 22nd May 2020, stock has reached at its peak by breaking all time high level of 642 and has good support at the 61.8 percent retracement of the move of (Rs 460-650) levels. The stock has closed 3.95% higher at 650.55 level on weekly time frame. A bullish candle is formed on a weekly time frame and has closed above its previous several weeks' high.

Momentum Oscillator RSI (14) is reading above 70 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 585/493. On the higher end, the stock may face resistance at 697/766 levels.

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.



Weekly Market Strategy

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