

Date: 27th January 2020

NIFTY



Indian markets begun week on a depressing note amidst quarterly result disappointments and subdued global cues and recovered 50 percent of its fall in previous two days trading.

Index has formed bearish engulfing candle stick pattern at all time high level on weekly chart. Bearish pattern formed at all time high level invites knee jerk reaction and unorthodox or volatile movement.

Overall chart structure looks promising as benchmark index is trading in higher high higher low formation on weekly chart. Index is also trading above its upward rising trendline creates scope for positive momentum to continue ahead.

Nifty is sustaining above its 20, 50 and 100 days exponential moving average on weekly time frame. Weekly 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 12000 may seen further correction or extended selling till 11750 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



After forming Bearish Engulfing candle stick pattern in previous week banking index has closed below its previous week low, indicates confirmation for the said pattern.

Overall chart structure looks promising as bank nifty index is trading in higher high higher low formation on weekly chart. Index is also trading above its horizontal trendline creates scope for positive momentum to continue ahead.

Previous two trading days rally has neglected the bearish pattern formed on daily chart, which indicates positive sign for the banking index. Whenever we see failure of the bearish pattern sharp rally is expected.

As banking index is at all time high level, base support for index is inching higher, which is placed at around 30800 levels which is supported by a horizontal trend line on weekly interval. A breach of 30800 marks on closing basis will drift banking index lower towards 30000 levels.

Going forward, any uptick in nifty bank can get capped near its next resistance zone of 31900/32500 which is supported by Fibonacci ratio.

Sector Look: NIFTY IT INDEX



On weekly chart NIFTY IT INDEX has given breakout of “Falling Channel pattern” on 3rd week of December 2019 and still continuous to stand stronger on all time frames. Index closed 0.71 % higher at 16472.75 and formed a bullish candle on the weekly chart. This week’s candle has long trailing tail and small green candle at high indicates enough amount of demand is generated through its lower level. On weekly time frame, 50 days exponential moving average is acting as a support which is placed at 15500 levels.

Momentum Oscillator RSI (14) is reading above 60 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 15800/ 15200 on weekly chart. On the higher end break of 16750 will open the gate for 17500 levels in coming weeks.

Weekly Stock Idea: RAMCO CEM



After a prolong consolidation RAMCOCEM have given breakout of its “Cup & Handle Pattern” on Weekly time frame.

After witnessing a breakout above “Horizontal Trendline” stock was in consolidation mode since past few days.

A current spurt in prices has witnessed a follow up buying in stock. Strong reversal in Momentum oscillator RSI (14) from 45 level has set up a strong base for the stock and currently reading above 60 level with positive crossover on weekly horizon.

MACD indicator on the other hand is nicely poised above its line of polarity and currently is in a positive crossover on weekly interval.

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.

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SEBI Regn. No.: INZ000212137

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

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