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NIFTY



The Benchmark index from the last two trading sessions is hovering within a very narrow range and formed two consecutive small candles indicating a sideways trading range. Nifty50 broke its narrow range candlestick consolidation on 27th Aug 2021 and registered its lifetime high of 16722.05 levels.

Nifty has also whipsaw its bearish dark cloud cover pattern which was formed on 18th Aug, which indicates bull are having upper hand in the current scenario. From the last few trading session's market breadth is in the favour of the bulls. In terms of ratio on every two positive closings, there is one negative closing that indicates a 2:1 ratio.

Indian's equity market has emerged as the top-performing among major economies year-on-year as well as in the year-to-date period, helped by strong retail and institutional flows amid relatively better earnings prospects. The index is closely trading above its 21-day exponential moving average on the daily interval. We have also spotted a bullish hidden divergence in the RSI (14) where prices did not register a new intermediate low but RSI formed a new low near 65 levels on the daily interval.

Nifty closed well above the 16600 level which is an optimistic start to the September series. The upside resistance is likely to be capped near 16950 – 17000 levels. For now the support level for the Nifty stands at 16400 – 16300 levels.

BANK NIFTY



It was a volatile week for the Bank Nifty where prices traded in a one thousand points range and closed 1.70 percent higher from its previous week's close. Prices are trading within the rectangle pattern on the daily time frame and have been able to close above their 21 & 50-day exponential moving averages.

Bank Nifty has continuously underperformed the Benchmark index on all the time frames which is visible of relative strength (RS) indicator. The majority of the indicators & oscillator has indicated a negative trend for the banking index.

The Federal Reserve will start dialling back its ultra-low-rate policies this year as long as hiring continues to improve, chair Jerome Powell said Fridays, signalling the beginning of the end of the Fed's extraordinary response to the pandemic recession.

Momentum oscillator RSI (14) has flattened out near the 55 – 65 range and clearly indicates a sideways trading range in the Banking stocks on the weekly time frame. The upside resistance is likely to be capped near 36300 - 36400 levels. For now, the support level for the Bank Nifty stands at 34800 – 34600 levels.

Sector Look: NIFTY INFRA INDEX



The index is currently trading at 4557 and witnessing a cup and handle pattern on the daily timeframe.

Prices are making a higher top higher bottom and the formation is likely to continue. The index has taken support of its 21 Day Exponential moving average in the past and continued its uptrend. Again price has taken its support and is probably looking to make new highs this time. The long term trend line is still intact and the index has still not breached it since March 2020 lows.

Though there is lack of strength in the trend since ADX is flattish but RSI is still showing positive trend and is far from overbought levels.

Important supports are placed near 4450-4500 zones and the resistance is at 4600-4620 levels following which the index will enter in uncharted terrain. Important supports are placed at 36700-37000 zones and resistance is placed near 39200 – 39500 levels.

Weekly Stock Idea: HDFCBANK



The prices were trading in a symmetrical triangle formation since past four months and have formed a trend line resistance at 1530 levels.

HDFCBANK has broken out of a symmetrical triangle pattern at 1558 levels on 24th Aug and the prices have registered a decisive breakout that suggests a change in the trend from sideways to upside.

Stock is trading above its 21, 50 & 100- day exponential moving averages on daily time frame, which is positive for the prices in the near term.

MACD indicator is reading above its centreline with positive crossover above its signal line. Momentum oscillator RSI (14) is reading above 60 levels which indicates positive momentum will like to continue ahead.

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.



Weekly Market Strategy

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