

Date: 30th MARCH 2020

## NIFTY



Nifty reversed from its new 46-months low of 7511 on the back of recovery across the globe and also due to short-covering.

India VIX seems to have temporarily topped out. If it sustains below 70, we will start seeing huge premium decay in Nifty and Bank Nifty and that will confirm the short-term bottom for the market.

After a very long time market breath seems to be in favor of bulls for this particular week. For every loser, there were two gainers.

Momentum Oscillator RSI (14) is still reading below 30 level with negative crossover on the weekly time frame, which indicates bears are outweighed bulls. Near term bounce back cannot be ruled out due to such oversold conditions.

On the monthly chart Benchmark index continue to trade below is Rising Channel Pattern and indicates bearish structure cannot be ruled out despite this recent pullback.

One should avoid aggressive buying as the majority of the stock market in the world are in a bear grip.

Current chart formation suggests sustain above the 8000 mark for the next couple of weeks will surely create a short term bottom for the benchmark index. Break below the said will test 7500 in no time. However, on the higher side, the index may continue to face hurdles around the 9000 level.

**BANK NIFTY**



Technically Bank Nifty has shown strong pullback from the oversold zone for this particular week and closed in a green candle with a gain of 1.72% for the week.

After forming Bullish engulfing Candlestick pattern on March 25, 2020, the strong momentum of almost 3000 points was witnessed.

Indian Government injected two back to back booster as our Finance minister announced \$22.5 billion stimulus package to help those affected by the lockdown and on 27th March The RBI, announced to cut the repo rate and reserve repo rate by 75 basis points and 90 bps, respectively (100 basis points/bps = 1 percent). The repo rate now stands at 4.4 percent and reserve repo rate at 4 percent.

Momentum Oscillator RSI (14) is still reading below 30 level with negative crossover on the weekly time frame, which indicates bears are overweighed bulls.

Bearish structure cannot be ruled out despite this recent pullback. One should avoid aggressive buying as the majority of the stock market in the world are in a bear grip.

Current chart formation suggests sustain above the 18000 mark for the next couple of weeks will surely create a short term bottom for the Banking index. Break below the said will test 16000 in no time. However, on the higher side, the index may continue to face hurdles around the 23000 level.

**Sector Look: NIFTY AUTO INDEX**



On the weekly chart, the NIFTY AUTO index has closed 8.03 % lower at 4938.70 level and formed a 'Long-Legged Doji Candlestick Pattern'. The Long-Legged Doji is a candlestick that consists of long upper and lower shadows and has approximately the same opening and closing price. The candlestick signals indecision about the future direction of the underlying security.

The index has given a breakdown of Head and Shoulder pattern on 20th march 2020 in the weekly timeline.

Stock is trading below its 50, 100-week simple moving average in the weekly chart.

Weekly RSI (14) has drifted near 20 level which is an oversold level for the indicator, so a sharp pullback at the current junction cannot be ruled out.

On the higher end resistance is seen at 5280/ 5500 on the weekly chart. On the lower end support for the coming weeks is seen at 4450 / 4300 levels.

**Weekly Stock Idea: DMART**



After a steep correction of almost 30% from an all-time high level, DMART is trading near its Horizontal trend line support of a weekly time frame. The stock has formed a Bullish Engulfing pattern in the weekly time frame.

The 50-day exponential moving average is acting as an anchor point for the stock on a weekly time scale.

The counter is forming a base near 1750 levels since the last couple of days, which is supported by momentum oscillator RSI (14) which has rebounded from the oversold zone with positive crossover on a daily 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.



**Technical Research Analyst****Mr. Rohan Patil,****Mrs. Pooja Jain****Disclosure:**

Bonanza Portfolio Ltd here by declares that views expressed in this report accurately reflect view point with subject to companies/securities. Bonanza Portfolio Ltd is responsible for the preparation of this research report and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations. Bonanza Portfolio Ltd or its associates or Analyst or his relatives may or may not hold beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of this research report.

Bonanza Portfolio Ltd operates under the regulation of SEBI Regn No.INM000012306

**Disclaimer:**

This research report has been published by Bonanza portfolio Ltd and is meant solely for use by the recipient and is not for circulation. This document is for information purposes only and information / opinions / views are not meant to serve as a professional investment guide for the readers. Reasonable care has been taken to ensure that information given at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as such. If this report is inadvertently send or has reached to any individual, same may be ignored and brought to the attention of the sender. Preparation of this research report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Past performance is not a guide for future performance. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by Bonanza portfolio Ltd to be reliable. This report should not be taken as the only base for any market transaction; however this data is representation of one of the support document among other market risk criterion. The market participant can have an idea of risk involved to use this information as the only source for any market related activity. The distribution of this report in definite jurisdictions may be restricted by law, and persons in whose custody this report comes, should observe, any such restrictions. The revelation of interest statements integrated in this analysis are provided exclusively to improve & enhance the transparency and should not be treated as endorsement of the views expressed in the analysis. The price and value of the investments referred to in this report and the income from them may go down as well as up. Bonanza portfolio Ltd or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of Bonanza portfolio Ltd shall be liable. Research report may differ between Bonanza portfolio Ltd RAs and other companies on account of differences in, personal judgment and difference in time horizons for which recommendations are made. Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. Research analyst have not received any compensation/benefits from the subject company or third party in connection with the research report

*Bonanza Portfolio Ltd. Bonanza House, Plot No. M-2, Cama Industrial Estate. Walbhat Road, Goregaon (E), Mumbai – 400063 Web site: <https://www.bonanzaonline.com>*

*SEBI Regn. No.: INZ000212137*

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

*| CDSL: a) 120 33500 |*

*NSDL: a) IN 301477 | b) IN 301688 (Delhi) | PMS: INP 000000985 | AMFI: ARN -0186*

*2018 [Bonanza Portfolio Ltd.](https://www.bonanzaonline.com)*