

Date: 31st AUG 2020

NIFTY



This week Nifty50 has broken its previous one month's consolidation range and witnessed a positive breakout on the higher side.

It was an odd even week for the benchmark index where one day we witnessed green candle and other day a red candle. But overall sentiments favored the bulls.

Since last week of March Nifty50 is following Dow Theory where new high is created without breaching the previous intermediate low on daily time frame.

Nifty mid and small cap indices have outperformed the benchmark index in Aug so far where Nifty Midcap and small cap indices are up more than 12 percent, respectively, against a less than 6 percent rise in Nifty.

As mention in the previous week update a decisively break above 11500 level will open the range for 11850 level, which is likely the resistance of the upper band of the rising channel pattern. Meanwhile, Support for Nifty is coming near the 11400 -11300 zone.

BANK NIFTY



After a prolonged consolidation Banking index finally witnessed a breakout if its conjunction zone on a weekly time frame.

Banking Index has neglected its bearish ABCD harmonic pattern on the weekly chart which is one of the major technical positive aspects for the index.

Since the past couple of months, Bank Nifty was underperforming the broader index and continued to trade below its major averages.

In the previous two instances, 100- day exponential moving average created an obstacle for the banking index, but on 24th Aug a strong surge on the upside witnessed a breakout above its short and medium-term exponential moving averages.

Momentum oscillator RSI (14) on weekly has crossed above the 50 level with positive crossover in this recent spurt.

We remain positive on Bank nifty with higher targets of 25500 for the coming weeks. On the downside, initial support is placed at 22600 level which is supported by a 21- day exponential moving average on the daily chart.

Sector Look: NIFTY PSU BANK INDEX



NIFTY PSU BANK has closed 7.96 % higher 1601.80 and formed a bullish candle in the weekly time frame. The Index has closed above its previous week high, which shows significant recovery towards the end of the week.

On the Weekly chart, index after several days of consolidation moved above from the range which suggests bullish strength in the counter. Index has given a breakout of the “Consolidation Pattern”.

Currently Index is trading above 21 week simple moving average that is placed at 1362.77 level on the weekly timeline.

The majority of indicators and oscillators are showing a positive trend for the current scenario on the daily time frame. RSI(14) is reading near to 52 on a weekly timeline.

On the higher end resistance is seen at the 1765/1869 level on the weekly chart. On the lower end support for the coming weeks is seen 1538/1362 levels.

Weekly Stock Idea: COALINDIA



The stock has resumed its rising trend after a couple of months of underperformance. Last week, the stock has taken the support of 21-week simple moving average that is placed at 136.05 level.

The stock has closed at 139.05 level on the weekly chart. A bullish candle is formed on a weekly time frame and has closed above its previous several weeks' high.

The majority of indicators and oscillators are showing a positive trend for the current scenario. Furthermore, prices have sustained above all its major simple moving averages in daily time frame.

On the lower end supports are seen at 128/119. On the higher end, the stock may face resistance at 152/165 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.

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