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## NIFTY



V shape reversal rally has almost completed 88.60 percent retracement of the entire downswing seen from January 2020 top to March 2020 bottom.

Nifty50 on the weekly chart has completed the Bearish Bat harmonic pattern and currently trading near its (PRZ) potential reversal zone.

Gap down opening on Friday's trading session has drift index below its 21- day exponential moving average which acted as a critical support zone in a previous couple of occasions.

Moreover, the index has breached its upward slanting trend line on the daily chart which indicates bears are likely to overtake bulls in coming trading sessions.

One can say there is a cluster of bearish patterns hanging around the benchmark index and one would like to initiate a Bear Put spread strategy on the benchmark index.

Till the time 11600 is not get broken bulls will be under the shade with high volatility. Once we successfully jump above the hurdle 12000 will be on the cards. In case the Nifty50 violates its 11250 level, a sharp decline will take place. This could drag the benchmark towards the 10800 – 10900 levels.

**BANK NIFTY**



Bank Nifty has formed a bearish dark cloud cover candlestick pattern on the weekly chart and neglected its previous week's bullish candle.

On the weekly chart, there is a cluster of exponential moving averages (50, 100,200) hanging around 24000 – 25000 zone and Bank nifty has taken resistance in the same zones.

On the daily chart banking index has closed below 31st Aug low which was acting as a crucial support zone for the entire week.

A Bearish dark cloud pattern followed by a close below its trend line resistance can call for some further consolidation with bearish tilt. Momentum oscillator RSI (14) on weekly chart is reading near 50 level with positive crossover.

On the downside, initial support is placed at 22500 level which is supported by a 100- day exponential moving average on daily chart. Initial up leg is likely to capped around 24000 mark for the Nifty Bank.

**Sector Look: NIFTY PSU BANK INDEX**



On the daily chart, NIFTY PSU BANK opened on gap down note and traded in a narrow range with negative bias to close in red. After a strong bear candle we are observing three narrow range body formations with lower lows.

NIFTY PSU BANK has closed 2.74 % lower at 2451.35 and formed a bearish Engulfing pattern in the weekly time frame. In this, a large black candle completely engulfs the preceding small white candle. Heavy volume on second day of the pattern creates higher probability of trend reversal.

Index is trading between 21 and 50 days simple moving average that is placed at around 1479 and 1459 on daily chart. RSI (14) is reading near to 57 on a weekly timeline.

On the higher end resistance is seen at the 1500/1580 level on the weekly chart. On the lower end support for the coming weeks is seen 1400/1320 levels.



**Weekly Stock Idea: BAJAJAUTO**



BAJAJ-AUTO has witnessed a Rectangle pattern breakdown on daily intervals and trading below its trend line resistance.

The short term trend of the stock is negative as it is trading below (21 & 50- day) exponential moving averages on a daily interval.

Momentum Oscillator RSI (14) on the daily chart has breached its horizontal trend line support and reading near 40 level with negative crossover on the cards. The breakdown is confirmed with above average volumes on daily interval.

Traders can short the stock in a range 2875 - 2885 for the target of 2720 with a stop loss above 2980 on a daily closing basis.

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