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NIFTY



NIFTY50 continued to roll higher for the second consecutive week. For two straight weeks Benchmark closed its weekly candle with gain of more than five percent, which is positive sign for the index.

When we observe volume activity there has been above-average volume set up from the last three months. For the consecutive three weeks, we witnessed a strong decline in volatility as INDIA VIX and closed below its three weeks low. In March, we saw a strong rise in the INDIA VIX index which almost equals the year 2008 level.

Benchmark index is trading in a Rising Channel pattern and witnessing higher high higher low formation on daily chart. Momentum oscillator RSI (14) is reading above 60 level on the daily chart with positive crossover on the cards. The recent spurts in prices were so strong that Nifty50 closed above its 100 day exponential moving averages.

The next resistance for nifty is seen at 10200 and 10550, which happens to be 50- day exponential moving average and 61.80 percent retracements of the entire fall seen from January 2020 (12430) to March 2020 (7511).

The breakout above 10200 will open the gate for the 10550 level. Meanwhile, 9700 will act as strong support for the index, breach of that level will be a breakdown of the trend line.

BANK NIFTY



Two back to back strong weekly gains indicates Bank nifty has up shift its gear and looking positive to continue the current momentum.

More than fifteen percent gain in two weeks clearly shows outperformance of banking index over the nifty50. This week State run banks has completely override the private sector banking index, with a gain of 22.74% on weekly chart.

Momentum oscillator RSI (14) is reading above 40 level on the weekly chart with positive crossover on the cards. However, from the last few days, prices have been consolidating within a range of 21 & 50 day exponential moving average that is placed in a range of 19000 & 20500, respectively. In the previous three trading session the stock has broken its moving average range on the higher side, which is positive for the banking index.

Meanwhile MACD indicator is likely to reverse and seems to have bottom out for the short term on weekly scale.

We remain positive on Bank nifty with higher targets of 22500 for the coming weeks. On the downside initial support is placed at 17100 level which is supported by a classical double bottom formation on weekly interval.

Sector Look: NIFTY AUTO INDEX



The indexes moved up in the last two trading sessions bringing some comfort to the market participants.

After consolidating in a broad range of 5235-6034, prices have witnessed a positive strength on the weekly timeline. On 22nd May 2020, Index has formed 'Dragonfly Doji Candlestick Pattern'. The Dragonfly Doji is typically interpreted as a bullish reversal candlestick pattern that mainly occurs at the bottom of downtrends.

The Nifty Auto Index reversed from its low of 4450 level. On the weekly chart, Index has closed 6.59% higher at 6628.75 level and formed a bullish candle.

Prices are firmly holding the support near the 100-day simple moving average which is formed at around 6558.27 levels on the daily time frame.

Weekly Momentum oscillator RSI (14) has bounced back strongly from around 15 level and in its recent move, RSI (14) found support at around 15 and moved to 50. On the previous two occasions whenever RSI(14) has drifted near 22 level sharp reversal in prices has been seen.

On the higher end resistance is seen at the 6850/7161 level on the weekly chart. On the lower end support for the coming weeks is seen at 6290/6000 levels.

Weekly Stock Idea: NAVINFLOUR



NAVINFLOUR has closed 3.37% higher at 1618.30 and formed a bullish candle in the weekly time frame. The stock has closed above its previous week high, which shows significant recovery towards the end of the week.

On the daily chart, stock after several days of consolidation moved above from the range which suggests bullish strength in the counter. A 21-week simple moving average is acting as a support which is placed at 1360.03 level, is ready to move upside. Momentum Oscillator RSI (14) is reading near 65 levels.

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.

On the lower end supports are seen at 1560/1500. On the higher end, the stock may face resistance at 1700/1750 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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