

Date: 9th MARCH 2020

NIFTY



No respite for bulls and carnage on the Street has continued for this week as well.

Since the gap down opening on 28th Feb 2020, the benchmark index continues to trade below its Continuation Gap and looking week at the current juncture.

In the last nine out of eleven trading days despite the gap up opening on majority of days the Indian benchmark index couldn't hold on to it and witnessed negative closing with long red candles. This structure surely indicates bears are dominating bulls.

This week Index has drift below its 100 week exponential moving average, thanks to the negative global sentiments.

In last eleven days benchmark index has witnessed gap down opening for three days and all the said gaps are unfilled, which is negative for the Indian bourses.

The contagious nature of the coronavirus is more concerning, and it would be difficult to predict a bottom, but at the same time, a bounce-back would also be equally fierce. The overall market at the current stage is reacting sharply to CORONAVIRUS as it increases the fear of global slowdown. So prices are not respecting any technical and fundamentals levels for time being. But certainly, this situation will be short-lived and the market will resume to normal in the near time.

As long as index trades below 11400 the probability of retesting the lows of 10650 remains high. Some reliefs for bulls can be expected on a close above 11400 level.

BANK NIFTY



Nifty Bank continued to decline gradually post a depressive start for the week and continued to end in red for the entire week.

Nifty Bank has broken its three-day consolidation range of 28125-28285 in southward direction on Friday and closed below the psychological 28,000 mark, but formed a bullish candle on daily charts as closing was higher than opening levels. As the banking index has already drift 4.62% for the week so sideways consolidation for the week cannot be ruled out.

The weakness after three-day range-bound trade indicated that the index may remain in control of bears, though there was recovery from day's low of around 27162 level which could be crucial support for going forward considering the past downfalls.

The coronavirus cases outside of China have been increasing very fast, entering into the US, Europe, Middle East etc, which made investors more worried about global growth going ahead.

Index has given a breakdown of 100 days simple moving average in the weekly time frame with above-average volume which adds more confirmation for the valid breakdown.

Intermediate support for nifty bank is placed at around 27100 level, immediate breach of that support will extend the fall to 26500 levels. Near term resistance for benchmark index is currently placed at 28125 – 28285 level.

Sector Look: NIFTY SERSEC INDEX



On the weekly chart, NIFTY SERVICE SECTOR INDEX has given a breakdown of “Rising Wedge pattern” on 28TH February 2020. The index closed 2.22 % lower at 15944.10 level on the weekly chart.

Index is trading between 50 and 100 days simple moving average that is placed at around 16553.00 and 15667.00 on the weekly time frame. Overall sentiments look negative as the index has shown a negative breakdown towards the downside.

Momentum Oscillator RSI (14) is reading below 35 levels. By observing Relative Strength (RS) on the weekly horizon one can observe that service index is currently underperforming the benchmark index for the last couple of weeks.

On the higher end resistance are seen at 16190/ 16430 on the weekly chart. On the lower end break of 15700 will open the gate for 15270 levels in the coming weeks.

Weekly Stock Idea: HDFCBANK



HDFCBANK has breached its eighteen-month 'Upward Rising Channel' and currently trading below its support level on a weekly timeline.

Majority of Indicator & Oscillator and negatively poised and looking week to drift further.

Stock is trading below its 50-week exponential moving average and sharp fall in the stock has forced prices to breach its horizontal trend line support.

The stock has given a breakdown with above-average volume which adds more confirmation for the valid breakdown.

Based on the above Technical studies we can come out with a view that the price may move towards lower levels over the short period.

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

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

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| CDSL: a) 120 33500 |

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

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