

Date: 23rd MARCH 2020

NIFTY



Bang on response by the bulls on Friday session after bearish play through the week. Benchmark Index breached 9000 zone and manage to close below the same with a loss of 12.15% forming a long bearish candle for the week.

As per moving average study nifty has drift below its 100-day exponential moving average on the monthly time frame. Index has corrected almost 38.20% from the all-time high levels by connecting the lows of Oct 2008.

Nifty on monthly chart has broken its 11 years Rising Channel pattern, if index close below 9000 level till March 2020 expiry then the said bearish pattern will come to play.

Additionally, the Indian Volatility Index (VIX) has spiked above 73.34 levels and closed the week at 67.10 level which is 30.37% rise for the week, earlier we witnessed the same level of volatility in the year of 2008 & 2009. This observation indicates further downward momentum with some wild swings cannot be ruled out.

Current chart formation suggests nifty may find major support at around 8000 level which is well supported with a December 2016 lows. However, on the higher side, the index will continue to face hurdles around the 9600 level. In the case of sharp short-covering, nifty may go to 10200 level.

BANK NIFTY



Bank nifty is currently underperforming benchmark index nifty as banking index has almost drop 35% from its all time high level. This week's long bearish candle with a loss 19.27% indicates bears are dominating bulls.

Banking index has currently trading below all its important exponential moving averages (50, 100, 200) on weekly time frame. This week all the sectorial indices ended in red but banking index bled the most.

Bank Nifty has given the "Rising Wedge pattern" breakdown in monthly chart; if the index closes below 28k mark then we would surely consider this as a valid breakdown.

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.

Intermediate support for nifty bank is placed at around 18500 level, immediate breach of that support will extend the fall to 17000 levels. However, on the higher side, the index will continue to face hurdles around the 23000 level. In the case of sharp short-covering, nifty bank may go to the 25000 level.

Sector Look: NIFTY FMCG INDEX



On the weekly chart, the NIFTY FMCG index has closed 1.05 % lower at 25931.60 and formed a Hammer candle stick pattern on the weekly chart. This week's candle has a long trailing tail and a small green candle at high indicates enough amount of demand is generated through its lower level with volume.

Stock is trading below its 20, 50, 100 and 200-week simple moving average and sharp fall in the stock has forced prices to breach its rising trend line support.

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 4930/ 5046 on the weekly chart. On the lower end support for the coming weeks is seen at 4600 / 4432 levels.

Weekly Stock Idea: DIVISLAB



On the weekly chart, DIVISLAB INDEX has given a breakout of “Rectangle Pattern” on 6TH December 2019 and still continues to stand stronger on all time frames. The index closed 1.64 % higher at 1994.90 and formed a Hammer candle stick pattern on the weekly chart. This week’s candle has a long trailing tail and a small green candle at high indicates enough amount of demand is generated through its lower level.

After witnessing a breakout above “Horizontal Trend line” stock has given a closing above this trend line.

On a weekly time frame, the stock is trading above 20 and the 50, 100 and 200-week simple moving average.

Momentum Oscillator RSI (14) is reading above 50 levels MACD indicator is reading above its line of polarity with positive sentiments.

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.



Weekly Market Strategy

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