

Date: 21st May 2024

NIFTY



Key observation

On Saturday, Nifty opened a gap up at ~22512 and then made a day high of 22520.25. It was seen that after making a day high Nifty started to lose its bullish strength and it started falling. But in the 2nd half buying was witnessed when Nifty was trading around 22450 which led Nifty to close at ~22502, forming a hanging man candle on a daily frame exactly near the downward sloping trend line which is acting as resistance on a daily scale. The weekly chart for Nifty shows a bullish candle meaning it will be in a sideways to bullish momentum until selling is not seen at the resistance zone at higher levels. Also, on a weekly timeframe higher highs and lower lows formation is there which means we can expect Nifty to be in an uptrend for the upcoming week. Immediate support is seen at 22350 followed by 22130 while resistance is at 22600 & 22800 respectively. Weekly option data indicates 23000 as the highest OI on the call side & 22000 as the highest OI on the put side.

Now VIX is 20.52 which indicates a swing of Nifty around 1335 points can be witnessed on either side in a month. Therefore, it is considered to reduce positions and to trail long stops at 22300 on a closing basis and short position stops at 22700. The RSI (14) is above 60, signaling a sideways to bullish market and also price trading above the super trend. Options data indicates the immediate range to watch is 22400-22700, indicating a buy-on-dip strategy until 22000 is taken out on the downside.

Key levels to consider for coming week

R1 22600	S1 22300
R2 22800	S2 22130

NIFTY BANK



Key observation

On Saturday, Bank Nifty opened gap up with minor gains of (82 points) at ~48197. It started losing its bullish strength in the first half itself however in the second half same-like nifty buying was witnessed at a lower level around 48100 which led it to close at ~48199 forming a dragonfly doji candlestick on the daily time frame. Today Bank nifty was trading in the range of 48222-48108 with an open interest change of -0.88% which indicates price increase is likely due to short sellers covering their position & rally might not sustain, The weekly chart for Bank nifty shows a bullish candle followed by a bearish candle in the previous week (-3.07%) which suggests pullback nevertheless on a weekly scale higher high higher low formation is seen in the nifty bank which indicates sideways to bullish momentum for the upcoming week. Immediate support is now at 48000 followed by 47750 on the lower side and resistance is placed at 48285 & 48600 respectively. If the index goes below 48000 closing basis then a short position can be considered but until then long position with a stop loss of 48000 is suggested.

Option data for the week suggests a price range of 48000-48500. On the indicator front, RSI (14) is trading at 56 indicating a lack of strength. Also, with price trading above the super trend & the index has respected 20 EMA by taking support on a weekly scale indicating sideways to bullish momentum in the near future

Key levels to consider for the coming week

R1 48200	S1 48000
R2 48500	S2 47750

Sector Look: NIFTY REALTY INDEX



Key observation

Among nifty sectoral indices Nifty Realty (+7.43%) is amongst the top gainer, after some downside in first half of previous month, currently nifty realty index witnessed a rally on higher side with this it is now trading above 50 EMA as well as made a fresh high of 1010, so far in May series nifty realty index is up by almost +9% from its month's low (914) outperforming the benchmark nifty 50 index which is flat (-0.45%) during the same period. The ongoing setup near breakout zone is suggesting a further move can't be ruled out on upside Price action indicating a bullish formation that is strong bullish candle followed by breakout is seen on the upside, indicating a positive trend in the index as well as closing above daily & weekly opening is given a confirmation of further sideways to bullish momentum could be witnessed at least for short term, nevertheless momentum indicator RSI is also above 60 on weekly scale, Also index is above 21 period EMA suggesting the upward movement is expected to continue in near term.

On indicator front RSI (14) is reading above 60 on daily scale. Apart from that it is now trading above 5 & 20 EMA & super trend is in bullish mode on daily time frame as well, going ahead the strategy should be buy on dip

Key level to consider for coming session

R1 1025 S1 990

R2 1033 S2 975

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