

Date: 13th May 2024

NIFTY



Key observation

On Friday, Nifty opened gap down at ~21990 and then making an inverse hammer candle indicating sideways to bullish movement. It was seen that after Nifty opening gap down takes support at important support levels of 21950. Nifty was witnessed trading around 22000 which led nifty to close at ~22055. The weekly chart for nifty shows formation of strong bearish Marubozu candle meaning it will be indecisive but since buying was seen from lower levels which indicates sideways to bullish momentum. Also, on weekly timeframe higher highs and lower lows formation is there which means we can expect nifty to be sideways to bullish in the upcoming week. Immediate support is seen at 21950.

Option data indicates 22300 as a strong resistance. Therefore, it is considered to reduce short positions and to trail stops at 21950 on a closing basis for long positions. The RSI (14) is at 57 signalling sideways market and also price trading above EMA 200. Option data indicates the immediate range to watch is between 21950-22600, indicating a buy on dip strategy until 21860 is taken out on downside.

Key levels to consider for coming week

R1 22200 S1 21950

R2 22370 S2 21860

NIFTY BANK



Key observation

On Friday, Bank Nifty started positively at 47555 and was trading from a wide range of 500 points. This activity resulted in the formation of a red candle on the daily chart. The index is likely to remain sideways to bullish as long as it does not drop below 47400 (based on closing prices). If it does break below 47400, there is a strong demand zone to watch for potential support at 47150. It is suggested to consider long positions with a stop loss at 47400 (based on closing prices). Looking at the weekly chart for bank nifty shows a bearish Marubozu candle which is respecting the upward channel pattern which indicates sideways to bullish momentum for the upcoming week.

Options data for the week suggest a price range of 47400 to 48000. Regarding indicators, the RSI (14) is currently in the neutral to positive zone (between 40-60), indicating a balanced outlook. The EMA (200) is positioned below the index, signalling upward strength.

For the upcoming week, as long as the expected range holds, Bank Nifty is anticipated to remain sideways to bullish. It's recommended to consider buying on dips, particularly as long as the weekly timeframe remains above 47400. If 47150 is breached on the downside, it might be prudent to reduce positions and maintain a long-short balance

Key levels to consider for the coming week

R1 47775	S1 47400
R2 48025	S2 47150

Sector Look: NIFTY FINANCIAL SERVICES INDEX



Key observation

Among all indices Nifty Financial service (-3.23%) is amongst the top loser, after some upside in first half of previous month, currently nifty financials index witnessed a rally on downside with this it is now trading below 10 EMA as well as near swing low so far in may series index is down by almost 4.75% from its month's high (22136) underperforming the benchmark nifty 50 index which is negative (-2.43%) during the same period. The ongoing setup after breakdown is suggesting a further move can't be ruled out on downside

Price action indicating a bearish formation that is breakdown is seen on the downside after pattern failure of ascending triangle, indicating a negative trend in the index as well as closing below daily & weekly opening is given a confirmation of further sideways to bearish momentum could be witnessed at least for short term, nevertheless momentum indicator RSI is declining towards downward trajectory is near 50 on weekly scale, Also index is below 10 period EMA suggesting the downward movement is expected to continue in near term.

On indicator front RSI (14) is reading at 40 on daily scale. Apart from that it is now trading below 5&10EMA & super trend is also now in neutral mode on daily time frame as well, going ahead the strategy should be Sell on rise

Key level to consider for coming session

R1 21160 S1 21000

R2 21330 S2 20760

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Weekly Market Strategy

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