

Date: 27th May 2024

NIFTY



Key observation

On Friday, Nifty opened gap down at ~22930 and then made an all-time high of 23026. It was seen that after making a day high nifty started to lose its bullish strength and it started falling. But in 2nd half buying was witnessed when Nifty was trading around 22930 which led Nifty to close at ~22957, forming a shooting star candle on a daily frame with respect to the upward sloping channel pattern 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 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 uptrend for the upcoming week. Immediate support is seen at 22750 followed by 22500 while resistance is at 23100 & 23250 respectively. Weekly option data indicates 23000 as the highest OI on the call side & the put side.

Now VIX is 21.71 which indicates a swing of nifty around 1500 points can be witnessed on either side in a month. Therefore, it is considered to reduce positions and to trail long stops at 22500 on a closing basis and short position stops at 23000. The RSI (14) is above 60 signalling a sideways to bullish market and also price trading above super trend. Options data indicates the immediate range to watch is 23000-23500, indicating a buy-on-dip strategy until 22500 is taken out on the downside.

Key levels to consider for coming week

R1 23100 S1 22750

R2 23250 S2 22500

NIFTY BANK



Key observation

On Friday, Bank Nifty opened gap down with minor loss of (100 points) at ~48668. It started gaining its bullish strength in the first half itself same-like nifty buying was witnessed at a lower level around 48670 which led it to close at ~48971 forming a bullish Marabozu candlestick on the daily time frame. Today Bank nifty was trading in the range of 48668-48971 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 bullish candle in the previous week (1.64%) which suggests movement trend 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 48500 followed by 48000 on the lower side and resistance is placed at 49000 & 49250 respectively. If the index goes below 48500 closing basis then a short position can be considered but until then long position with a stop loss of 48500 is suggested.

Option data for the week suggests a price range of 49000-49500. On the indicator front, RSI (14) is trading at 59.70 indicating a lack of strength. Also, with price trading above the super trend & the index has respected 20 EMA indicating sideways to bullish momentum in the near future

Key levels to consider for the coming week

R1 49000	S1 48500
R2 49250	S2 48000

Sector Look: NIFTYENERGYINDEX



Key observation

Among all indices Nifty Energy (+2.97%) is amongst the top gainers, after some downside in the first half of the ongoing month, currently nifty energy index witnessed a rally on the up side with this it is now trading above 20 EMA as well, and near all-time high so far in may series nifty energy index was up by almost 9% from its month's low (38132) outperforming the benchmark nifty 50 index which is up (5%) during the same period. The ongoing setup after the breakout suggesting a further move can't be ruled out on the upside

Price action indicates a bullish formation that is breakout is seen out of the ascending triangle, indicating a positive trend in the index as well as closing above daily & weekly opening is confirming further sideways to bullish momentum could be witnessed at least for the short term, nevertheless, momentum indicator RSI is hovering towards upward trajectory & is above 60 on a weekly scale, also index is above all EMA suggesting the upward movement is expected to continue in the near term.

On the indicator front, RSI (14) is reading at 66 on a daily scale. Apart from that it is now trading above 20 & 50 EMA & super trend is also in bullish mode on the daily time frame as well, going ahead the strategy should be **Buy on dip**

Key level to consider for the coming session

R1 41675 S1 41435

R2 41900 S2 41150

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