

May 6, 2019

▶ NIFTY: 11712

Range : 11630-11745

Resistance : 11745-11785-11800-11835-11860

Support : 11680-11670-11650-11630-11580

▶ Simple Moving Average (SMA)
20 Days
50 Days
200 Days

11650

11370

11025

▶ BANK NIFTY: 29954

Range : 29700-30060

Resistance : 29970-30060-30140-30250

Support : 29700-29630-29570-29500

▶ Simple Moving Average (SMA)
20 Days
50 Days
200 Days

29940

28960

27270

▶ Nifty Short Term Trend

Up (Down below 11000 on a closing basis)

▶ Nifty Medium Term Trend

Up (Down below 10500 on a closing basis)

▶ Nifty Long Term Trend

Up (Down below 9950 on a weekly closing basis)

Blue color: means heading upward as compare to previous close. Red color: means sloping downward as compare to previous close.

Nifty: Daily


► Market Analysis

Nifty Weekly View: There is chaos about very few stocks keeping the Nifty high. This sentiment is not positive for the market but our observations have been that ahead of any key event only few stocks dominate and keep the market high. The reason behind this is "careful evaluation of stocks by experienced participants of the market". We need to ask ourselves that why would anyone take risk in stocks which lack impact on the index like Coal India, Cipla, Hindalco, BPCL, GAIL and ZEEL. The focus is on the top 10 companies, which are fundamentally sound and have adequate free float in the market. Worldwide the scenario has been the same and very few companies that are fundamentally sound help the market to move upwards or downwards. In India, top 10 companies like HDFCBANK, HDFC LTD, RIL, SBI, INFY, TCS, LT, BAJFINANCE, HUL AND ITC are contributing nearly 65% to the index and are the reason why ahead of major events, we see activity in few stocks.

It was shortest week for the market, but Nifty remained highly volatile within the range. It failed to surpass 11800 but managed to survive above 11648, which is the highest low of the current up move. Even though the market is failing to sustain above 11760 in the last 5 weeks, it is managing to close above highest low of the current up move, which is positive for the market. On 25th April 2019, Nifty has formed a lower high and quickly reversed back, which was negative for the broader market. Since then Nifty has not fallen even though the market breadth remained weak. It implies that market is consolidating, narrowing its range and preparing to break the level of 11800 decisively.

However, till the market is not crossing the same, we should be buyer at supports or at break out levels with a minimal stop loss. Contra traders should look for short selling opportunity around 11750/11760 with a final stop loss at 11810. Our view is to trade in one direction as the market trend could puzzle and make it extremely difficult to move with the tide.

For the week, trend followers should look to trade on the short side if Nifty drops below 11630. Buying is advisable above 11810 as it would move to 11900 or even 12000 without any major difficulties. Below 11630, index is having multi major supports like 11600, 11580, 11560, 11549 and 11500. However, short term trend followers must take a short bet on the index below 11630 keeping a tight stop loss at 11700 for the same. Our take for the week is to trade on both the sides of the market with a minimal stop loss.

Global cues are negative and in the short term (for one or two days) we would see parallel trend in our markets also, however, we cannot forget that our focus should be on domestic developments and if they are going to do well then we should search for buying opportunity in strong companies at each major support like 11650 and 11550.

RATING SCALE

- BUY** – A condition that indicates a good time to buy a stock. The exact circumstances of the signal will be determined by the indicator that an analyst is using.
- SELL** – A condition that indicates a good time to sell a stock. The exact circumstances of the signal will be determined by the indicator that an analyst is using.
- Stop Loss Order** – An instruction to the broker to buy or sell stock when it trades beyond a specified price. They serve to either protect your profits or limit your losses.

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