

July 8, 2019

▶ NIFTY: 11811

Range : 11680-11870

Resistance : 11840-11870-11890-11925-11980-12020

Support : 11790-11770-11750-11710-11680-11620

▶ Simple Moving Average (SMA)

20 Days	50 Days	200 Days
11830	11725	11110

▶ BANK NIFTY: 31475

Range : 31300-31550

Resistance : 31550-31650-31750-31800

Support : 31370-31300-31230-31150

▶ Simple Moving Average (SMA)

20 Days	50 Days	200 Days
30960	30485	27930

▶ Nifty Short Term Trend

Up (Down below 11100 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: Weekly

▶ Market Analysis
Nifty Daily View:

- Nifty has opened the possibility of descending triangle or corrective zigzag pattern which could lead to retesting of 11600.
- Nifty PSU Banks and FMCG should witness a bullish trajectory in the long run.

On the day of event (Union Budget 2019), the market has formed significant trend reversal formation. Nifty failed to surpass previous high, which was at 12100 and closed lower below the level of 11850, which is grossly negative for the market. It implies that the market participants are disappointed and should trigger further damage to the market. Technically, Nifty is heading for 11590 with a minor support at 11680.





In technical analysis, charts are same for every analyst but interpretations are several. So, we need to go through with majority of such interpretations.

1. Before expecting further weakness, Nifty needs to trade below the lowest of the Friday's session (11790). Highest and lowest of the day of event are equally important as the importance of broader formation.
2. Below 11790, Nifty is opening the possibility of triangle formation then its first stop would be at 11680 and maximum at 11590. As per our observations, lowest and highest level of Elections outcome day acts as trend deciding levels in the long run for the market.
3. If Nifty is forming the possibility of corrective pattern, then it would fall to 11425, where Nifty has left bullish gap on the day of exit poll on 20th May 2019.
4. If Nifty closes below 11420, then it could even fall down to 11000.
5. If we see gap up opening for Nifty on Monday and if it sustains then it would be a bull trap and could lead to another attempt towards 12100.

Form the above possibilities, last one looks most unlikely. As the market failed to make a new high on the day of a major event, we are of the view that the third one is having highest probability.

Strategy for traders should be to create positional short positions by purchasing put options of 11600 strike for 25th July 2019 in two tranches. Buy first tranche if Nifty opens between 11750/11760 and add second one if Nifty bounces to 11900. Here we should be ready to lose entire premium up to Rs.70. We would make handsome returns if Nifty comes closer to 11600 or goes below 11600 in next few days.

Sector Specific: Except Nifty PSU bank and Nifty FMCG other indices are showing signs of weakness. Select stocks from above indices should be added on declines with a medium-term view.

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.
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