

August 19, 2019

▶ NIFTY: 11041

Range : 10980-11100

Resistance: 11070-11100-11120-11145-11181-11240

Support : 11010-10980-10940-10900-10870-10830

▶ Simple Moving Average (SMA)

20 Days	50 Days	200 Days
11197	11550	11170

▶ BANK NIFTY: 28200

Range : 27950-28350

Resistance: 28270-28350-28470-28550-28700

Support : 28140-28050-27950-27810-27730

▶ Simple Moving Average (SMA)

20 Days	50 Days	200 Days
28920	30125	28430

▶ Nifty Short Term Trend

Down (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 Weekly View: In the truncated week, market has managed very well to sustain above the level of 11000. Highly uncertain global cues and disappointments from domestic developments had tried to keep the market below the level of 11000, however market pulled out from those lows (10900, 10940) and closed at 11048, which is positive for the market. Couple of weeks prior, Nifty closed 1.97% higher that was the first positive close after four consecutive weeks and damaged nearly 900 points during the same period. In the previous week, even though the flows were not satisfactory, Nifty has managed to sustain above the level of 10785, which was lowest of the current sell off and to surpass highest of 11181, Nifty was requiring some more fuel, which it failed to generate due to truncated week.

In brief, in the previous week, Nifty has neither broken the lows of prior week nor highs, however, it managed to close near the highest point of the overall range of last weeks. Such patterns are bullish in nature especially when they appear at the bottom of the sell off on weekly basis. However, for bullish validation, Nifty requires to surpass 11181, which is highest level for last two weeks. On the dismissal of these levels we can expect specific strength in the market. It could even be a higher bottom bullish pattern for the market. Above 11181, Nifty would move to 11350 or 11450. In case, Nifty fails to surpass 11181, and on contrary breaks 10780, then it would be grossly negative for the market.

Sector and Stock specific: Finance and Metal companies should be on our watch list to trade for. If we go through with stocks individually, Index heavy weight Reliance has reversed the bearishness sharply on weekly and monthly basis, which is bullish for the stock. Nifty IT index closed lower, which is bearish but this would help other heavy weight of Nifty components, "Bank Nifty" to move higher as they are inversely correlated at initial stage. On the other side, HDFC Ltd. has formed bearish consolidation on weekly basis. It has formed, "Head and Shoulders" on weekly basis and closed below the level of neckline support, which is negative for the market. We had spotted very early the head and shoulder pattern of Reliance, which has completed almost its targets and now the turn of HDFC Ltd. which is also an early spotting. Our advice to traders and short-term traders is to stay away in taking bullish call for next few weeks on HDFC Ltd.

For the day strategy should be to trade long on Nifty between 11060 and 11040. Keep final stop loss at 11000. On the higher side 11100 and 11140 would be hurdles.

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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