

January 21, 2019

▶ NIFTY: 10907

 Range : 10830-10940
 Resistance : 10940-10960-10985-11020-11090
 Support : 10890-10870-10850-10830-10805

▶ Simple Moving Average (SMA)

20 Days	50 Days	200 Days
10810	10765	10820

▶ BANK NIFTY: 27456

 Range : 27385-27630
 Resistance : 27540-27560-27630-27690-27750
 Support : 27430-27385-27335-27250-27170

▶ Simple Moving Average (SMA)

20 Days	50 Days	200 Days
27250	26765	26370

▶ Nifty Short Term Trend

Up (Down below 10300 on a closing basis)

▶ Nifty Medium Term Trend

Up (Down below 9850 on a closing basis)

▶ Nifty Long Term Trend

Up (Down below 7900 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

In our previous technical update (article), we were of the view that the market is forming a diamond consolidation formation, with bullish implications on weekly charts. We mentioned that the market has formed a hammer formation, followed by a bullish harami, which was an indication of capitulations of long positions. Such type of formations gives buying opportunities in the market.

In the previous week, market has followed bullish break out of the last leg of the diamond formation, but it failed to give successive move. Rather it has formed one more diametric/diamond formation on intraday basis since Wednesday and managed to again close higher on Friday at 10906.

Weekly closing (10906) was not only above the highest of the previous week that was at 10870, but also was the highest closing since November 2018, when Nifty was at 10877. Technically, we are of the view that markets are all set to move higher as it has completed one more leg of correction on lower time frame.

However, we cannot forget that we are into corrective upward move and on the completion of it, another round of trending sell off is more likely. Based on our overall experience, if we wait for a specific pattern of move in the stock market, then either it never comes, or it comes with unusual reason and at unimaginable levels. Current upward corrective pattern may end at any levels between 11000 and 11770, more likely to end between 11200 and 11400. Short term pattern is progressing in such a way that Nifty would hit the level of 11200/11300.

Strategy should be to trade long above 10940, keeping final stop loss at 10800. On the higher side, we can expect 11300 with a minor resistance at 11050 and at 11200. Support has shifted to 10800 from 10670 and below 10800, it would again retest the level of 10600 or 10550.

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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