

VIEW

The pall of gloom over the market is likely to be lifted following the slew of announcement by the FM and RBI's hefty dividend. Despite of these stimulus, concern over worry of global economic slow down and trade war is still haunting to our domestic market. Indices started the week on strong foot but after two days witnessed fresh spell of selling pressure as weak global sentiment kept investors away from riskier asset. Volatility indicate caution among market participants and it's not going to be subsidized soon. Weak forecast of GDP data, deepening inversion of the US bond yield which suggest recession in US adding salt to an injury to the fragile condition of global trade war. Due to truncated week, we expect rangebound move will continue in the coming sessions also.

Technical Outlook-

- a) Price consolidation seems to be formed **Inverted head and shoulder** where construction of right hand shoulder is going on daily chart.
- b) If Nifty will stabilise above **10780-10800** level and recoil without price damage then probability of forming this H&S increases.
- c) We can expect the breakout above **11145 (neckline of H&S)** and **11210 near 200 DMA's**, conquering these levels will be the bigger achievement for Bulls.
- d) Unless these levels break decisively, prices will be vulnerable to selling pressure towards 10870 and 10780 levels on downside

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

	NIFTY LEVEL	JUSTIFICATION
Resistance 2	11360	38.2 % Retracement
Resistance 1	11210	200 DMA
Close	11023	
Support 1	10900	Base of bearish Flag Pattern
Support 2	10780	Previous swing low

VIEW

Inline with our expectation, a sharp pullback rally was witnessed in Banknifty and the index has met our target of nearly 1300 points last week. At the end of the week Banknifty closed with a net gain of 2% over its previous week's close. ICICI Bank and HDFC Bank were the main catalysts to lift the index higher.

OBSERVATIONS:

- 1) Positive divergence in RSI still exists on the daily chart of Banknifty.
- 2) Banknifty is trading in 26400-28605 channel since last one month.

By analyzing the daily chart of Banknifty, it can be concluded that the index is currently fluctuating in 26400-28605 channel and it will play a very significant role for deciding the short term trend of Banknifty. Here 26400 is the multi-year support line where as 28605 is the previous higher point. A breach of 26400 (lower band of the channel) would lead to a much more downside in the short term while a successive move beyond 28605 (upper band of the channel) would indicate the reversal of current downtrend and in that case the index may restore near its life time higher level. At this juncture, the probability of breaching upper band of the channel is high due to the existence of positive divergence in RSI.

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

BANKNIFTY LEVEL

Resistance 2	28605.00
Resistance 1	28280.00
Close	27427.45
Support 1	26560.00
Support 2	26400.00

VIEW

In line with projection of previous analysis, Pair has been facing resistance from the mentioned retracement zone but soon it has to face the global headwinds. Domestic rupee will continue to be remain on edge as market participants awaits for the next steps in the US Sino trade negotiations. Escalating trade tension has dampened the global sentiment and given rise to concern over global economic outlook. Rising crude oil prices due to tightening inventories is another worrisome factor for rupee. Higher volatility will be capped by RBI intervention as the central bank has been protecting 72 levels in spot.

TECHNICAL FACTORS-

- a) From last three weeks, USDINR pair has been facing resistance near 61.8 % fibonacci retracement on weekly chart suggest halt in the upside momentum of pair
- b) But indicators and oscillators are looking strong on upside which can give support in coming sessions
- c) To carry forward this upside momentum, pair has to cross and sustain above 72.25 levels from where it can inch forward toward 72.60 and 73
- d) However, A break below 70.84 can push lower towards 70.10 and 69.70 mark on downside

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

USDINR LEVEL

Resistance 2	72.60
Resistance 1	72.25
Close	71.96
Support 1	70.84
Support 2	70.10

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