

## Technical Nifty outlook for the year 2020

### 2019 Recap

In our technical Nifty outlook for 2019 we had a positive outlook for Nifty and our price target was 12,300.

".....Technical target for Nifty in 2019 is 12,300.....Going forward for 2019, the high and low of 2018 are major support and resistance for the market....."

**Nifty is expected to trade between a broader range of 13300 and 11300 during the calendar year 2020 based on rising channel that has unfolded over the past six years.**

The high of Nifty made in 2018 proved a strong resistance during 2019, for Nifty remained inside this range for 10 months but finally broke the range and got closer to our yearly target of 12,300.

While negative divergence in RSI had created bearish reversal in June-19, strong positive divergence in RSI on the daily chart has caused the recent smart bounce back in Aug-19 Indian market which made a new life high above 12000 marks.

### The year 2020

Going forward for Year-2020, as Index is trading in an uncharted territory, Fibonacci extension levels and upper trend line of the rising channel will act as a crucial resistance around 13000-13300 zone. Nevertheless, the major trend deciding parameter 20 SMA and lower trend line of rising wedge pattern should act as a strong support on the lower side, which is currently standing around 11300 marks. Technically, Nifty in 2020 is expected to trade between a broader range of 11300 on lower side and 13,300 on the higher side; based on rising channel pattern that has been unfolding over the past six years.

**Key levels for the calendar year 2020 are: 10300-11300- 13000-13300-13600**

**Our Base Case Thesis: - Up-Trend continuation with Rising Channels**

Nifty is trending in a rising channel for the last six years. We expect its current strong up move to continue towards the upper trend line of this rising channel which is coming near 13000 -13,300 levels. This rising channel marked with red lines indicates an uptrend intact unless price breaches lower trend line currently standing around 11300 marks. Important here is to note that this 11,300 marks will keep moving up as it emanates from a rising trend line. This implies that as time passes, the support for the calendar year will keep moving up.

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### Exhibit 1: Nifty trending in Rising Channel



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## Exhibit 2: Nifty Relative Strength Index



### Our Bull Case Thesis (20% probability): Long body bullish candlestick pattern on yearly chart

On yearly chart, for 2019 Nifty has formed a long body bullish candlestick pattern and is managing to close well above previous year's high suggesting bullish rally to continue further. On the monthly chart, RSI has made a high of 67 during the year 2019. Currently it is at 65, if RSI on monthly chart in the process of Nifty touching our target of 13,300, crosses 67 then further strong upside will open up for the Nifty

## Exhibit 3: Nifty yearly Candlestick Chart

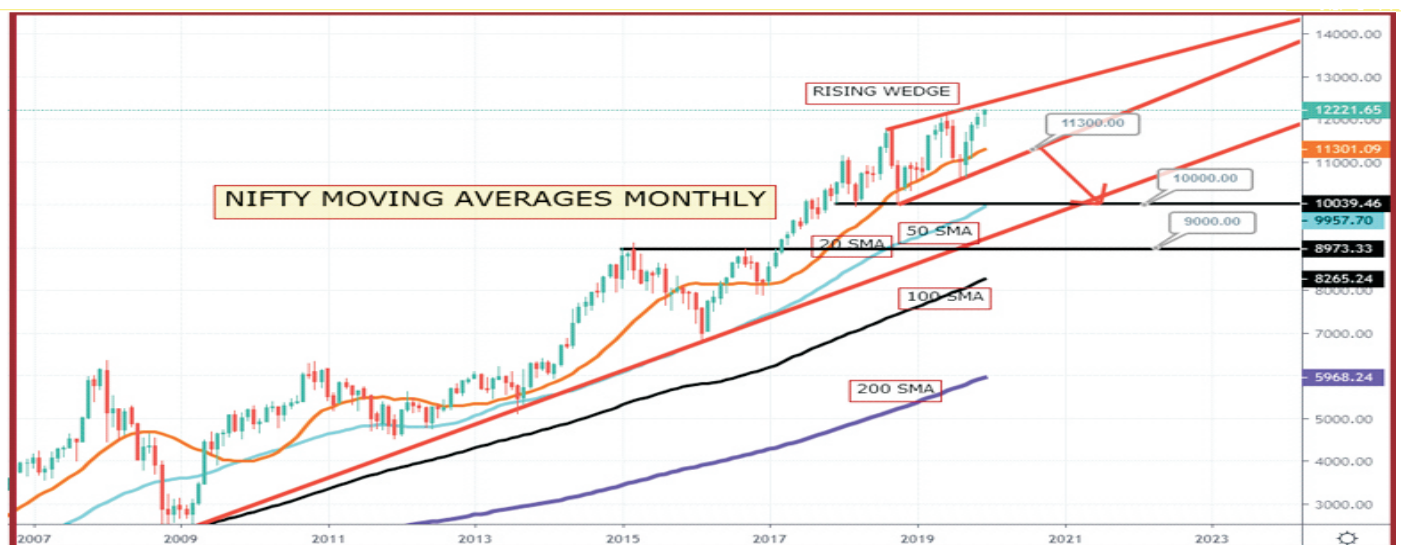


## Bear Case Thesis (10% probability): Crucial support zone 11300

Benchmark index is having a strong support of the lower trend line of the rising channel near 11300 levels at the same time crucial moving average 20 SMA is also standing near 11300 levels. Major technical indicators like trend line, 20 SMA, S1 pivot point are placed near 11300 zones. We expect this zone to act as base area further; however, a decisive close below these levels will attract selling pressure which can push prices lower towards 50 SMA (Monthly) standing around 10300 levels.

Nifty is having a strong support of 20 SMA (monthly) which is shown on the chart ; it is observed that the benchmark index extends its down move towards 50 SMA (monthly) whenever it decisively closes below 20 SMA. So in our bear case thesis Nifty can move towards 10300 marks(50 SMA) once it trades below 11300 (20 SMA) on a monthly closing basis.

## Exhibit 4 : Nifty 20 SMA & 50 SMA



## Conclusion:

- Nifty's short-term / mid-term/ long-term trend is positive and initial resistance is around 12700 levels, however, for the year 2020, our target is 13300.
- Confluences of all major supports are around 11,300.
- In case, Nifty breaches the 11300 levels on a monthly closing basis, it shall set the tone for a mid-term sell-off with a lower target of 10300.

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