

VIEW

After taking two days of breather, Indian market resumed its uptrend. December series of Nifty was highly volatile with range of more than 500 points. Market was reeling under pressure during the early part of week followed by the downgrading of the GDP growth from RBI, Indices turned northward from the second week of series on the back of partial trade between US & China. In our previous article, we penned down about the profit booking at higher levels and undergoing some consolidation. While trading on the expected lines, indices saw a soft start and slipped into a corrective move. Global market seems to be in comfort zone on the hope of easing trade tension while Indian market is expected to wait for cues from budget. All in all, though markets still have chance of achieving breakout, it is likely to happen only if the indices move past above their recent swing high convincingly. Until this happens, we are likely to see some range bound consolidation and corrective pressure from higher levels.

Technical Outlook-

- Appearance of dragon fly doji on weekly chart suggest decline has bought but formation of Rising wedge pattern indicate profit booking at higher levels
- Index is facing strong trendline resistance around 12380-12420 zone and Bulls need major trigger to surpass this crucial hurdle zone
- RSI needs to sustain above 65 mark where it will nullify its triple negative divergence and can provide further momentum on higher side
- Formation of strong base near 11970-12000 zone showing strong support. Until this break decisively, Bulls will continue their northward journey
- While a breakout above the zone of 12380- 12420 can push index toward 12600 levels on higher side.

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

	NIFTY LEVEL	JUSTIFICATION
Resistance 2	12400	Extension leg
Resistance 1	12300	Near life time high
Close	12245	
Support 1	12115	Low of Dragon Fly Doji
Support 2	12000	Psychological base

VIEW

Banknifty has found a strong support near 31930 (our discussed support level) and thereafter gave a good pullback rally from that level. At the end of the week the index closed at 32412.35. It had a net gain of 0.1% over its previous week's close

OBSERVATIONS:

- 1) Banknifty has retested its breakout point.
- 2) RSI & Stochastic started to move in upward direction.
- 3) Banknifty is trading above 50, 100 & 200 DMAs

After retesting the breakout point, Banknifty gave a sharp pullback rally on Friday. We maintain our near term target of the index is at 33250. Therefore we recommend holding / initiating long position in Banknifty by placing stop loss at 31930 (closing basis) .

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

RESISTANCE/SUPPORT	BANKNIFTY LEVEL
Resistance 2	33250
Resistance 1	32550
Close	32412
Support 1	31930
Support 2	31505

VIEW

Global currency market remained on holiday mood following by Christmas vacation in this week which lead to thin trading volume. Against our hope, Rupee depreciated while tracking the firmness in crude oil prices which hit three month high on positive US and Chinese trade development. Due to lack of global cues, we do not find much movement on either of side. However steady rise in oil, foreign fund outflow and strong US currency can push domestic currency on lower side.

TECHNICAL FACTORS-

- a) Pair stands on crucial juncture where it is expected to form Head and shoulder although the formation of left shoulder is still left behind
- b) The momentum oscillator RSI bounced back from oversold region but it may face resistance from its falling trendline
- c) A decisive close above 71.60 followed by 72 will violate this reversal pattern and Rupee can lose weakness till 72.60 mark
- d) Failure to cross and sustain above 71.60 mark can lead strength in domestic currency and it can surge higher towards 70.50 where neckline of H&S is seen.

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

USDINR LEVEL

Resistance 2	72.00
Resistance 1	71.6
Close	71.45
Support 1	70.5
Support 2	70.35

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