

VIEW

The flare up in the middle east was the key reason for the fall of market but market participants shrugged off the threat of war between US & Iran. Domestic market recovered from early losses after witnessing huge fall of Monday amid extreme geopolitical tension. However, Indices hit record high on Friday with the onset of the result season and the hopes of deescalation of the US-Iran conflict. Announcement of US China trade deal and expectation of growth oriented budget also filled the fuel in this pullback rally. Going ahead, strategy of buying on dips seems prudent on analyzing the overall technical set up of Indices and moreover, our previous weekly view "**buy on decline till 11970 is not broken yet on closing basis**" which is remain intact till now.

Technical Outlook-

- a) Daily chart structure reveals that index is ready for the fresh leg of move after showing minor retracement
- b) Index may form inverted Head and shoulder pattern after taking dip on lower while forming right shoulder
- c) Indicators and oscillators are also looking supportive for initiating new fresh leg on upside
- d) As of now support is shifted higher side towards 12110 levels where nifty will complete its inverted head and shoulder pattern while bouncing back towards 12300 levels
- e) However on moving further higher side, it can face trend line resistance which is placed around 12380-12400 zone

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

	NIFTY LEVEL	JUSTIFICATION
Resistance 2	12400	Extension leg
Resistance 1	12300	Near life time high
Close	12256	
Support 1	12110	Completion of Inverted H&S
Support 2	11970	Strong support

VIEW

In line with our expectation a sharp fall was witnessed in Banknifty last week and the index achieved our target of 30900 (Banknifty made a weekly low of 30899.55 on Wednesday) and thereafter gave a strong reversal from that level.

OBSERVATIONS:

- 1) Up trend of Banknifty remains intact as the index was unable to close below its previous lower point (Shown in the line chart).
- 2) A gap is formed in between 31451 and 31667 on 9th January.

According to the above observations it can be concluded that the short trend of Bank nifty remains positive as the previous lower point was not breached (closing basis) in the recent profit booking process. However formation of 'a gap' in between 31451 and 31667 is giving indication of some downward price revision up to 31450. We advised to use the gap filling process as a fresh buying opportunity in Banknifty.

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

RESISTANCE/SUPPORT	BANKNIFTY LEVEL
Resistance 2	33250
Resistance 1	32550
Close	32097
Support 1	31660
Support 2	31450

VIEW

While trading on the anticipated line pair continued to face resistance near 61.8 % retracement and witnessed tremendous volatility owing to the global tension due to US-IRAN conflict. But deescalation in this conflict pushed crude oil and some of the safe haven assets prices lower which gave a sigh of relief to market participants of all over the world. Strong buying in equity and softening crude oil prices helped Rupee to gain strength. US China trade war, Budget statements and inflation data of CPI & WPI will be the main events of coming week. However, as long as it sustains below the 61.8 % retracement, bias will remain positive for the Indian currency.

TECHNICAL FACTORS-

- a) Formation of long bear candle on weekly chart and three black crow on daily chart suggests strength for Rupee
- b) The momentum oscillator RSI also facing resistance from its downward sloping line also attributing strength for domestic currency
- c) Pair traded in a wider than usual range due to large amount of volatility which also made support and resistance wider
- d) Resistance stands at 71.55 followed by 72.15 mark
- e) Support lies at 70.50 followed by 70.35 mark

CHART ANALYSIS



SUPPORT & RESISTANCE LEVELS

USDINR LEVEL	
Resistance 2	72.00
Resistance 1	71.6
Close	70.96
Support 1	70.5
Support 2	70.35

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