



Weekly Technical Outlook

12-August-2023

A Chart Book On Benchmark,
Sectors, Global Market and Inter Market Analysis

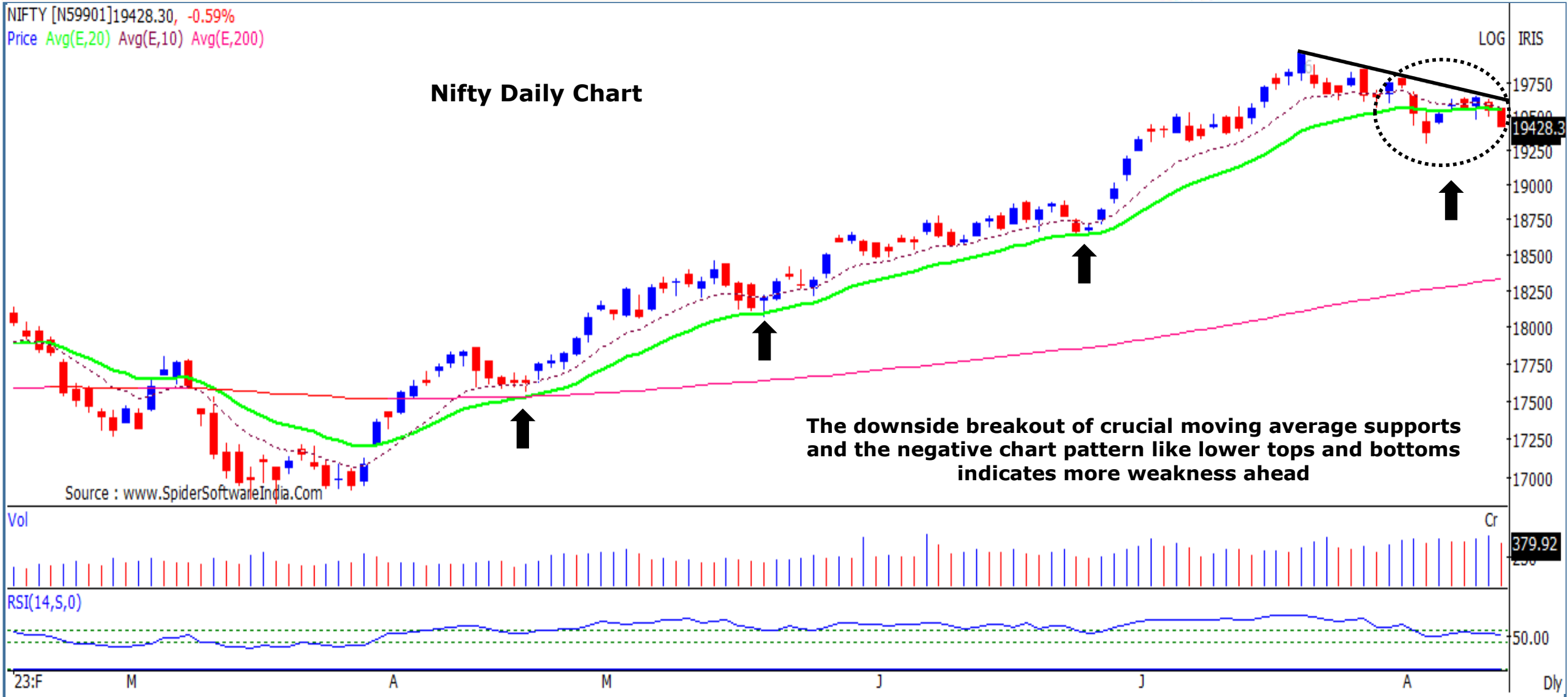


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Nifty: The market failed to sustain the upside bounce and the short term downward correction is underway.

NIFTY [N59901]19428.30, -0.59%
Price Avg(E,20) Avg(E,10) Avg(E,200)

Nifty Daily Chart

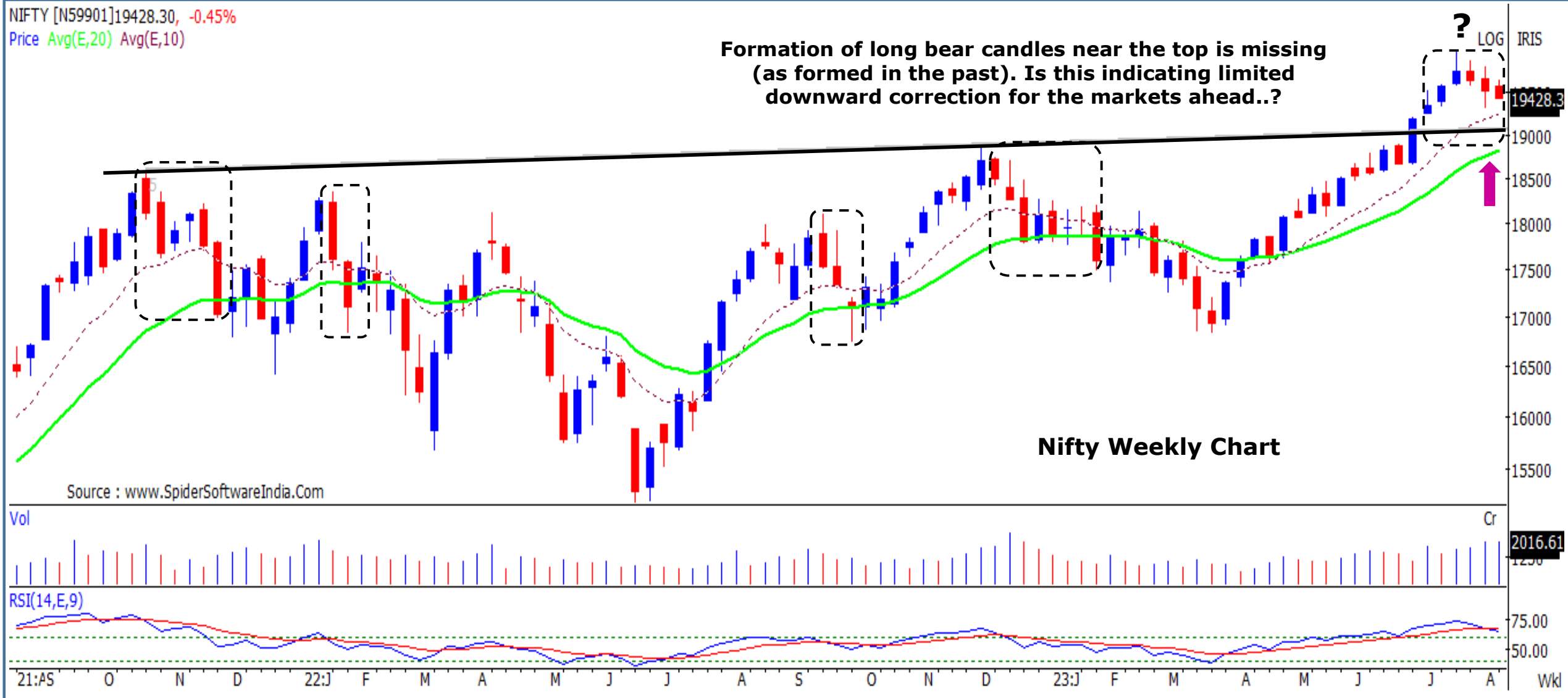


Reasonable downward correction is unfolding. Strong support is placed around 19100-19000 levels as per the concept of change in polarity

NIFTY [N59901]19428.30, -0.45%

Price Avg(E,20) Avg(E,10)

Formation of long bear candles near the top is missing (as formed in the past). Is this indicating limited downward correction for the markets ahead..?



The long term upside targets for Nifty remains intact. Present downward correction is expected to be a buying opportunity.

Nifty Monthly Chart



Mid Cap and Small Cap: The upside momentum continued in the broad market indices. No sign of any significant reversal at the highs.

Nifty MidCap 100 Free [N59907] 37836.15, 0.55%
Price Avg(E,20) Avg(E,10)

Mid Cap 100-Weekly Chart

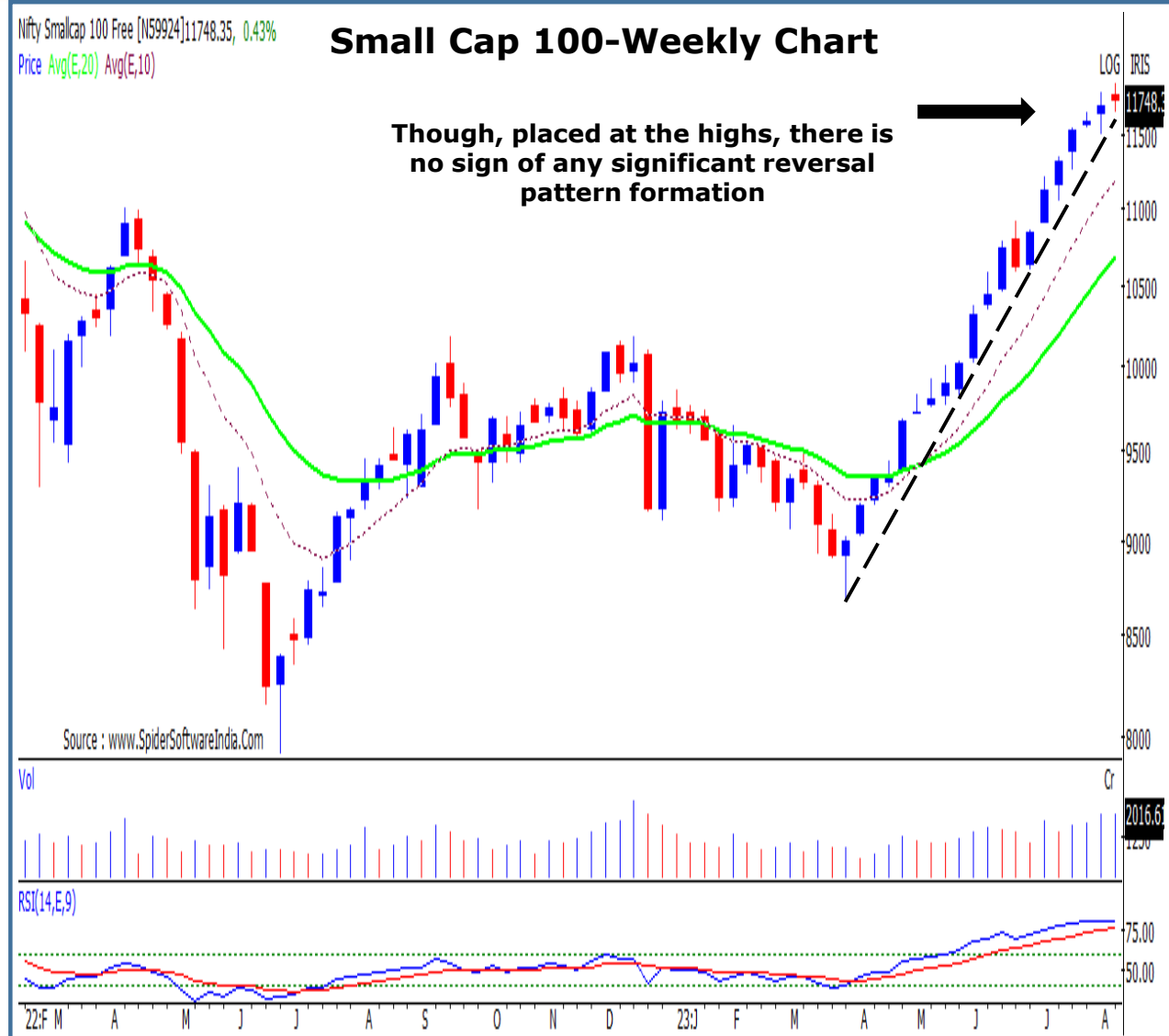
Sharp up trended movement for midcap sector for the last 20 weeks with one week of downward correction



Nifty Smallcap 100 Free [N59924] 11748.35, 0.43%
Price Avg(E,20) Avg(E,10)

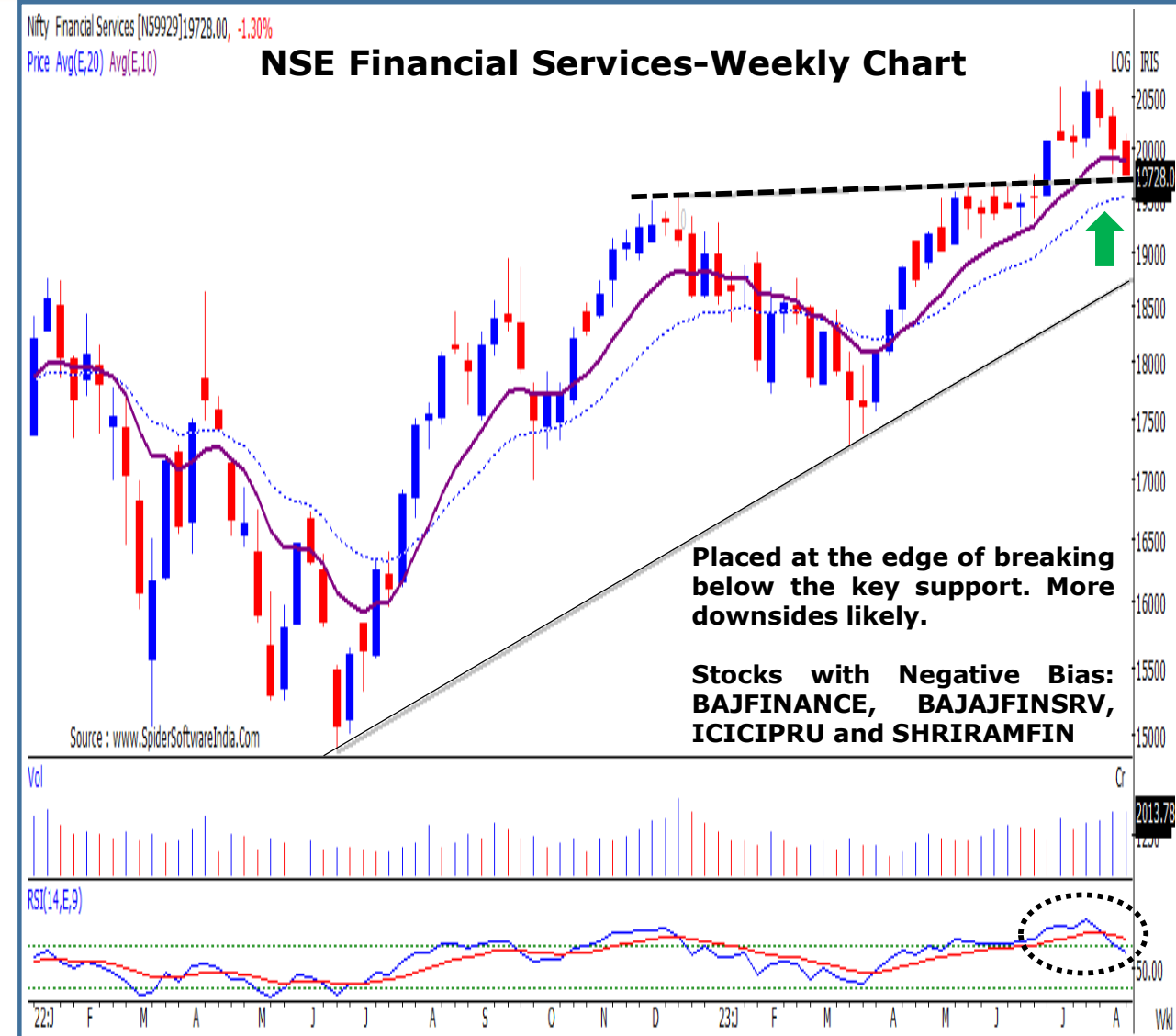
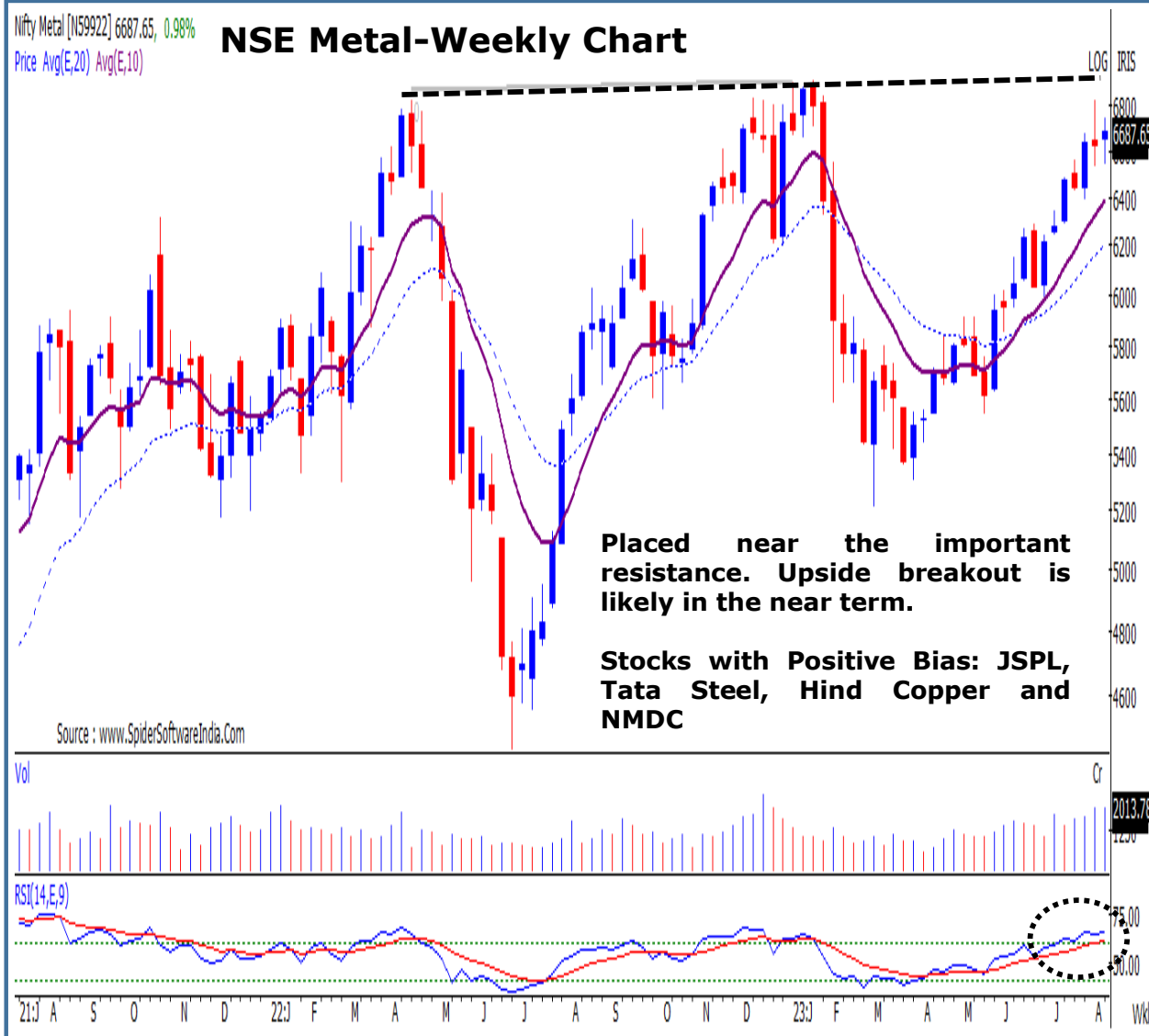
Small Cap 100-Weekly Chart

Though, placed at the highs, there is no sign of any significant reversal pattern formation

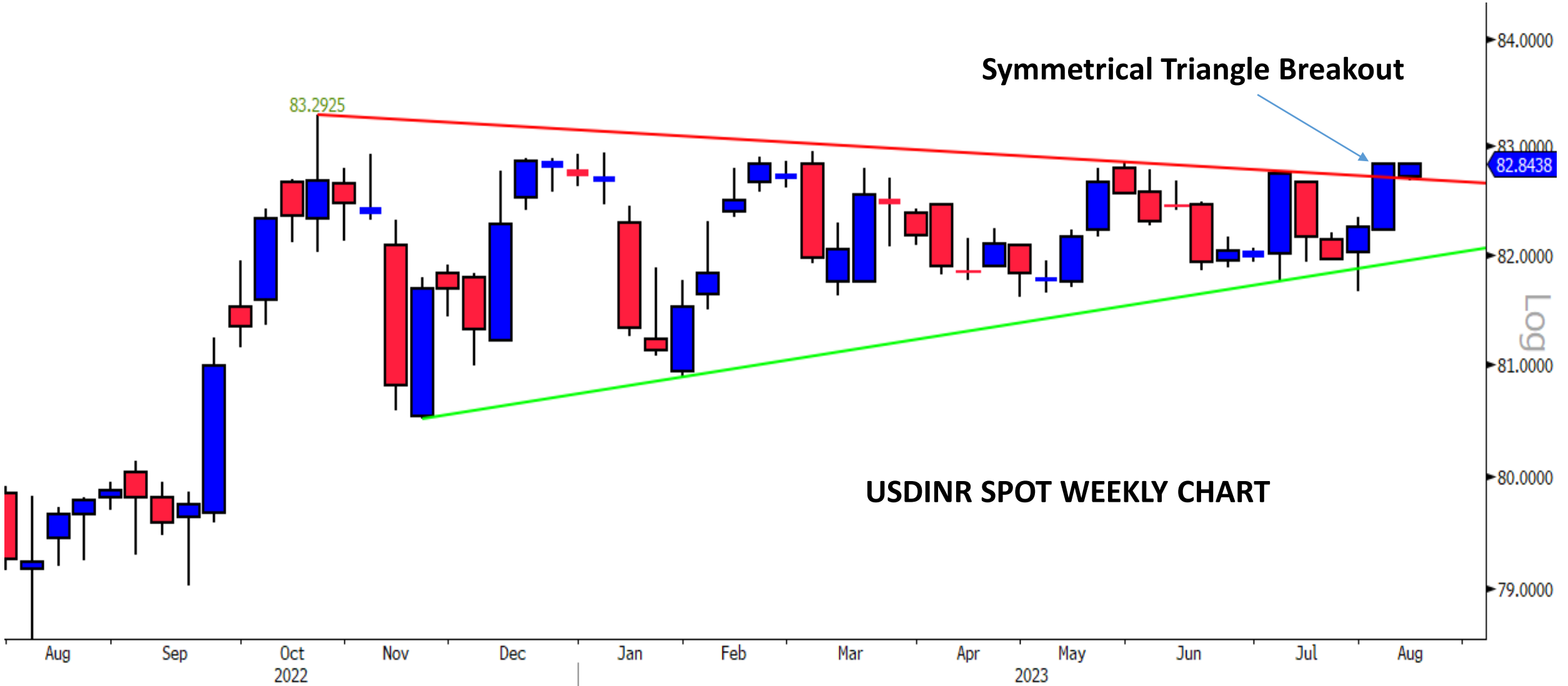


NSE Metal: Long term trend remains intact. More upsides likely

NSE Financial Services: Downside breakout is on cards

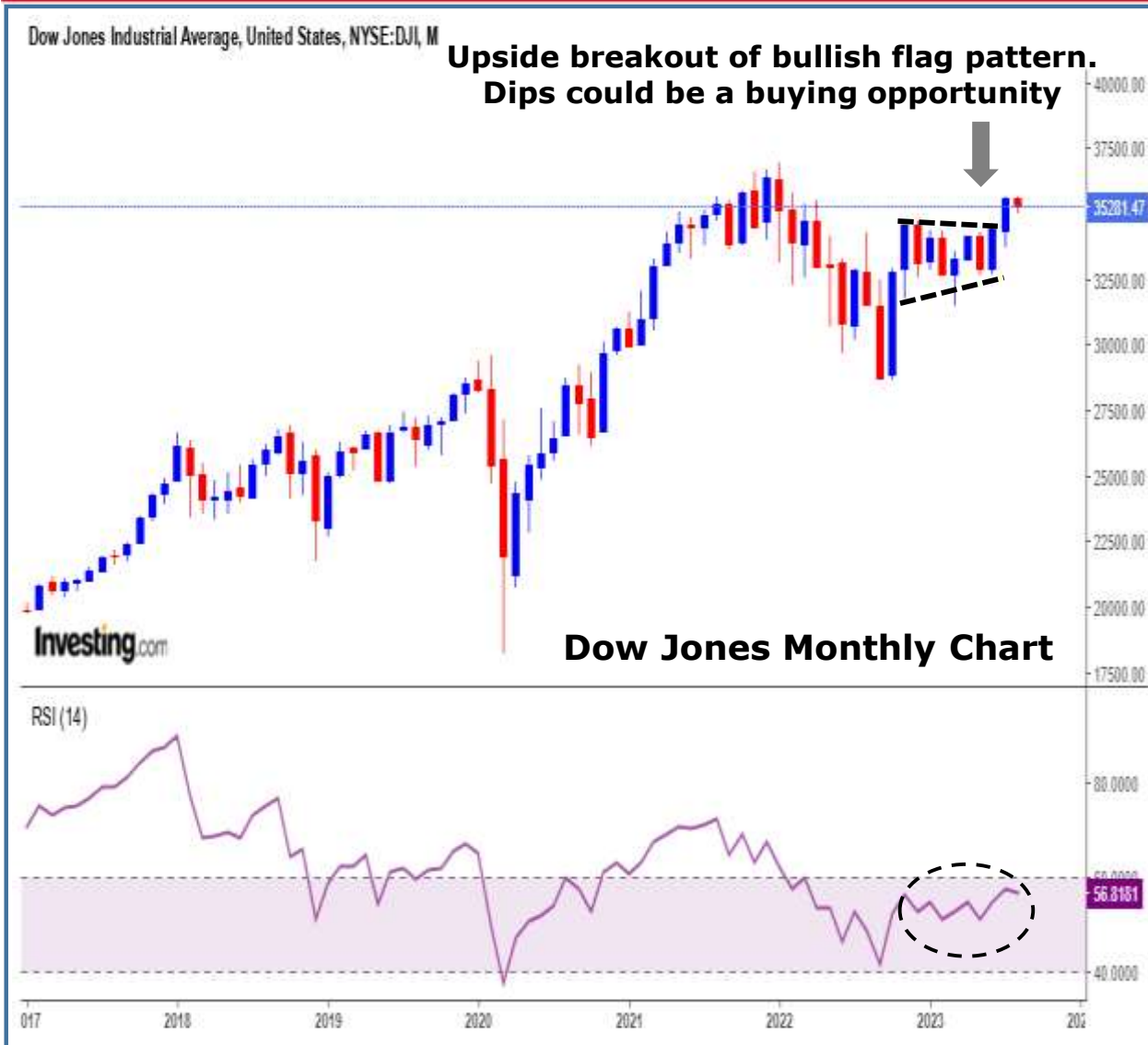


Rupee Likely to Weaken Further Against Dollar



USDINR SPOT WEEKLY CHART

Long term trend of Dow Jones and Nikkei has turned positive. This pattern suggests buy on dips opportunity.



- After showing range bound action with weak bias in the last few sessions, Nifty slipped into weakness on Friday and closed the day lower by 114 points.
- A long bear candle was formed on the daily chart, which is indicating a downside breakout of the smaller range movement of the last few sessions.
- The negative chart pattern like lower tops and bottoms continued as per daily timeframe chart and the recent swing high of 19645 of 9th August could be considered as a new lower top of the sequence. However, present weakness is expected to form a new lower bottom in the near term.
- Nifty on the weekly chart continued with weakness for the third consecutive weeks. But, formation of long bear candles (signs of sharp negative reversal) near the important top is not visible. The market is now ready to slide down to the important lower support of 19100-19000 levels as per the concept of change in polarity.
- After four months of sustainable upmove as per monthly chart, the weakness has started to emerge from the new highs from last month. Further downward correction as per long term charts could be a buying opportunity.
- ❑ The sharp upside momentum continued in the broad market indices like NSE Mid Cap and Small Caps for the 20 weeks with 1 or 2 weeks of decline in between. There is no indication of any reversal pattern building at the highs.
- ❑ The Banking sector has witnessed a reasonable downward correction from the highs. The formation of negative pattern is likely to drag banking sector to further lows ahead.

Market Outlook

- The near term trend of Nifty as per daily/weekly chart remains weak and we are likely to see further weakness in the coming week. Any attempt of upside bounce could find strong resistance around 19600 levels.
- Immediate support is placed at 19300, but there is a lesser probability of Nifty holding on to this support in the short term. There is a probability of Nifty sliding down to the next important cluster supports around 19100-19000 levels in the near term, where one may expect sizable upside bounce from the lows.
- Long term trend of Nifty remains positive. Bullish long term chart indicates buy on dips opportunity towards lower index supports. The long term upside targets remain active around 20600 levels.
- The upside momentum in broader market indices like midcap and small caps are unchallenged so far. One may continue to hunt for selective mid and small cap stocks for long positions.
- The trend of Bank Nifty is negative with weakness prevailing in frontline and large cap banking stocks. However, PSU Banking sector is expected to outperform in the coming weeks.
- Sectorally IT, Healthcare, Pharma and Metal could outperform and others like FMCG, Consumer Durable, Realty and Oil & Gas sectors could shift into further weakness in the near term.

- It is advised to continue with short positions towards immediate index support of 19300/43500 and next 19100-19000/43000 levels. Any upside bounce towards 19600 is expected to be a sell on rise opportunity. All short positions to be placed stoploss at 19700 levels.

Action Points	Nifty (CMP 19428)	Bank Nifty (CMP 44199)	Strategy
Short term trend	Negative	Negative	Continue with short positions
Long term trend	Positive	Positive	Buy on dips around crucial lower supports*
Immediate resistance	19600	45200	Sell on rise opportunity
Immediate downside targets	19300	43500	Book partial profits of shorts
Important lower supports*	19100-19000	42800	Book full profits of short positions
Decisive trend reversal on the downside	Below 19000	Below 42800	Cut longs and create aggressive shorts

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