

Sharp decline leads to close below 10230.....



The index witnessed a session of sharp losses as the index tested levels below 10300 and declined further throughout the session to close the day with sharp losses around the day's lows. Ended lower on Monday as investors remained cautious with slower factory output growth, rising crude prices and tax relief on some items under the GST expected to threaten the government's fiscal targets. Markets around the globe also remained weak on US tax reform uncertainties, adding to the negative sentiment in the markets. Recent data for India point to weakening economic activity, with the IIP at 3.8% in September and the manufacturing PMI dipping to 50.3 in October. All these negative news added to the weak sentiment, which led to sharp profit booking and the index closed the day with losses of almost 1%. We maintain that the index has in last three weeks, sustained well above the range of 10200-9900 that it had been trading since few weeks, and maintained the gains which indicates a very positive outlook for the markets in coming days, but some profit booking at higher levels is not ruled out. The index witnessed strong selling at higher levels today and has closed well below strong support levels of 10300, in coming days for the index to continue the current rally it should now hold above the 10200-10150 levels, and we are expected to face stiff resistance around 10300 levels in the index. On the other hand we have immediate supports near the above mentioned levels of 10200, which should act as intraday support levels also. Any decline in the Nifty below the 10200 levels will lead to heavy action by bears and we may test levels of 10100 and lower. We maintain that the overall outlook will remain bullish till the index holds above the 10200 levels, in the near term. In medium term any decline and close below crucial level of 10200-10100 will be negative for the index, and we may witness declines till 9800 levels also. Traders are advised to be cautious and carry forward aggressive long positions till the index manages to sustain above the 10200 levels. And we also advise caution in aggressive long positions, as the market breadth and volumes at highs have not been very positive in last few sessions.

The banking index witnessed a session of consolidation around 25450-25500 and the index after testing levels above 25600 declined on profit booking and closed the day with losses around 25450. The bank nifty will have strong support at 25330 levels intraday and immediate resistance is now placed around 25600 levels. The outlook for Indian stocks continues to be of consolidation till clarity emerges on sustainability of growth in earnings which justify high valuations, as in last few days along with the fiscal slippage threat, geopolitical tensions in West Asia and subdued earnings have also dented markets sentiment.

Weekly Report (13th Nov '17- 17th Nov '17):

The Nifty declined for the week by 1.25% or 130.75 points, failing to sustain above the 10500 levels as selling pressure was seen at higher levels. The Nifty has tested new highs around 10500 in the last week, maintaining the positive trend, but profit booking increased at higher levels as crude prices increased in the global market, leading to fears of rising inflation has dented investor confidence. The Nifty index has ended the week near the 10350 levels and the derivatives data suggests that the index may witness some consolidation at current levels and may face stiff resistance around 10400-10500 levels and stock specific moves may drive the trend. For the index to maintain the current uptrend it should sustain above 10300-10250 levels which will act as crucial supports, any decline will open up 10100 and lower levels. On the other hand, 10400 levels if broken and sustained we may witness the bullish trend continuing till 10700 and higher levels. The week ahead is expected to be volatile, and consolidation with positive bias at current levels is expected, and some profit booking may emerge at highs.



Nifty Bank Weekly (13th Nov '17- 17th Nov '17):

The Nifty Bank witnessed a week of consolidation as the index managed to sustain above 25000 levels, and some late recovery in the last two sessions of the week helped to cut losses, and close the week flat around all time highs. The index witnessed a volatile session and profit booking was seen at higher levels and sharp decline was seen in the index in early part of the week, buying in the banking stocks at lower levels helped the index to close the week with small losses. The Banking index has closed around all time highs above the crucial 25500 levels, which is a positive sign and going forward if it manages to sustain this level, we may witness a rally till 26000 in the index. And on the other hand if it fails to sustain above the 25300-25100 range we may witness some selling, but the outlook is positive and the structure and derivatives data suggest further upside in the index. Outlook is positive and traders are advised to carry their long positions till the index manages to hold above 25000 levels on weekly basis.



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