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TECH VIEWS

Nifty's Intermediate Resistance Seen at 10,200-10,300 Zone

As a breakdown is visible on the charts, the Nifty could unfold a potential leg of down-move initially until 9,786 levels, according to technical analysts. However, a minor pullback cannot be ruled out and intermediate resistance for the index is now placed at 10,200-10,300, they said. One can look to buy Bajaj Finance, Hindustan Unilever and Titan for upsides of 10-12% from the current levels with stop loss at 5%, they suggested.



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Where are We? Nifty bounced from the low of 9,513 on 20th October. However, the index failed to close the earlier gap which acted as resistance for the pullback. Higher time frame charts, mainly weekly, don't show the breakdown.

What is to Watch? The benchmark index is now oscillating near the psychological mark of 10,000. These zones are near to the proximity of Nifty's 2018 lows. Just over the intermediate support lies between 10,000 and 10,200. As breakdown is visible on the charts, the index could unfold a potential leg of down-move initially until 9,786 levels. However, a minor pullback cannot be ruled out. Intermediate resistance for the index is now placed at 10,200-10,300.

What You Could Do: First, find the breakdowns in the index and major stocks. Bajaj Auto and Maruti Suzuki are the primary ones. Carry on 150DMA joined for a breakdown initially at 9,500 mark. Bajaj Finance and Titan are now giving up the previous gains and could possibly correct by 10-12%. Some stocks could possibly witness more correction. Initial trend is down. A minor pullback cannot be ruled out. The intermediate support of 10,000 and could continue the current trend until 11,000. Secondly, investors could possibly continue the current trend until 10,000 levels. However, with the 17% price target, could outperform an higher time frame charts, remain positive. Intermediate support for the stock is at 9,500. This could be considered the accumulation during the correction. Stock prices held the potential to have moved 1400 in a year.

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Where are We? The Nifty is fast approaching the 10,200 resistance of 2018 on the monthly charts of the previous year, which began from Feb 2018 and ended in August 2018. On the longer time frame, 20-25% movement doesn't look like a major support zone in the past. The index is showing signs of some strengthening as against the US which should hold well for the markets. On the other hand, the index has already corrected and it would be important to see if it starts to correct again. Interest is close to the demeritisation and 2018 budget which is indicating a positive impact on the market.

What is to Watch? Market wide OI is down significantly from the peak, indicating the weak hands are out of the market. The highest PDI is in Nifty December and December which is holding at 10,200-10,300 which is indicating that markets may breach the level of 10,000 in the next two months. The Nifty is currently trading with a very narrow OI concentration range (27,500-28,500 PDI), which is indicating some consolidation in the market.

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Where are We? Continuity is the word that is speaking. Usually, the approach of starting session is motivated by a clear plan. This session is more about