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NIFTY



Benchmark Index traded in a narrow range of 15550 & 15950 levels for almost eight weeks and formed a channel pattern on the daily time frame. The index finally broke its consolidation range on the higher side and witnessed a channel pattern breakout on 3rd August and registered a lifetime high 16349.45 levels on 5th Aug. Nifty50 has given a 3.01 percent returned on the weekly chart, which indicates a very strong consolidation breakout.

When we analyze the weekly chart Nifty has given a bullish pole flag pattern breakout and higher high higher low formation is likely to continue ahead. Momentum oscillator RSI (14) has also given a horizontal trend line breakout at 63 levels and currently closed 69 levels with bullish crossover on the weekly interval.

Since the index is trading in uncharted territory, using Fibonacci extensions suggests 16500 will be the next resistance for the index, and on the downside; supports are placed near 15950 which was the previous resistance zone.

BANK NIFTY



Bank nifty on the 06th Aug, started the day with a gap-up opening but was unable to surpass the psychological level of 36000 on closing basis. In the previous 3 trading sessions too we witnessed selling pressure near 36000-36200 zones.

Reading the option chain data, we see that maximum call writing has taken at 36000 strike price which will be crucial in upcoming trading sessions. If price is able to sustain this zone we may see an upswing till 36550 levels. On the Put side, maximum OI is at 35500 and 35000 levels respectively which will act as immediate support.

On the indicator front, MACD has given a positive Crossover which indicates that the move is likely to continue northward. The daily RSI is at 60 which mean that the index has still not reached overbought levels and the upside is likely to be seen. ADX (14) shows a reading of 17 and is rising which explains the strength of the trend will continue.

Currently the index is trading above its major exponential moving averages. Major resistance is placed near 36500 levels & on the downside major support zone is at 33500 on the weekly charts.

Sector Look: NIFTY REALTY INDEX



Nifty Realty index is witnessing more or less of a bottoming out formation on Weekly and monthly charts. Last month it was able to give a Breakout of the previous swing high which was made in Jan 2018 indicating that this sector will be the focus in the upcoming weeks.

Overall the index is poised to make a cup formation and is generally considered extremely bullish on the breakout if it is formed in the longer time frame charts.

On the indicator front, monthly ADX (14) which tells us the strength of the trend is set to reach its all time high level which was near 25 and is rising. Monthly RSI hasn't crossed 70 levels which mean that index is far from overbought zone and a confirmation from the MACD bullish crossover also tells that index will continue its northward trajectory.

Currently the index is trading at 403 levels. Major resistance is placed near 535 levels & on the downside major support zone is at 345-375 on the monthly charts.

Weekly Stock Idea: HCL TECH



HCLTECH has given a spectacular rally from the low of 375 on 20th March 20, to an all-time high of 1067 on 15th Jan 2021, and post that rally prices went in a sideways consolidation for almost six months and traded in a range between 1040 to 950 levels.

HCLTECH has formed a triangle formation within that six months period and finally broken out of a triangle pattern at 1061 levels on 05th Aug and the prices have registered a decisive breakout that suggests a change in the trend from sideways to upside.

Stock is trading above its 21, 50 & 100- day exponential moving averages on a daily time frame, which is positive for the prices in the near term.

When we observe volume activity there has been above-average volume set up from the past couple of weeks on the daily chart, which indicates accumulation phase. Momentum oscillator RSI (14) is reading above 60 levels with positive crossover on the daily scale.

Technical Research Analyst

Mr. Rohan Patil

Mr. Harsh Parekh

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Bonanza Portfolio Ltd. Bonanza House, Plot No. M-2, Cama Industrial Estate. Walbhat Road, Goregaon (E), Mumbai – 400063 Web site: <https://www.bonanzaonline.com>

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| CDSL: a) 120 33500 |

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