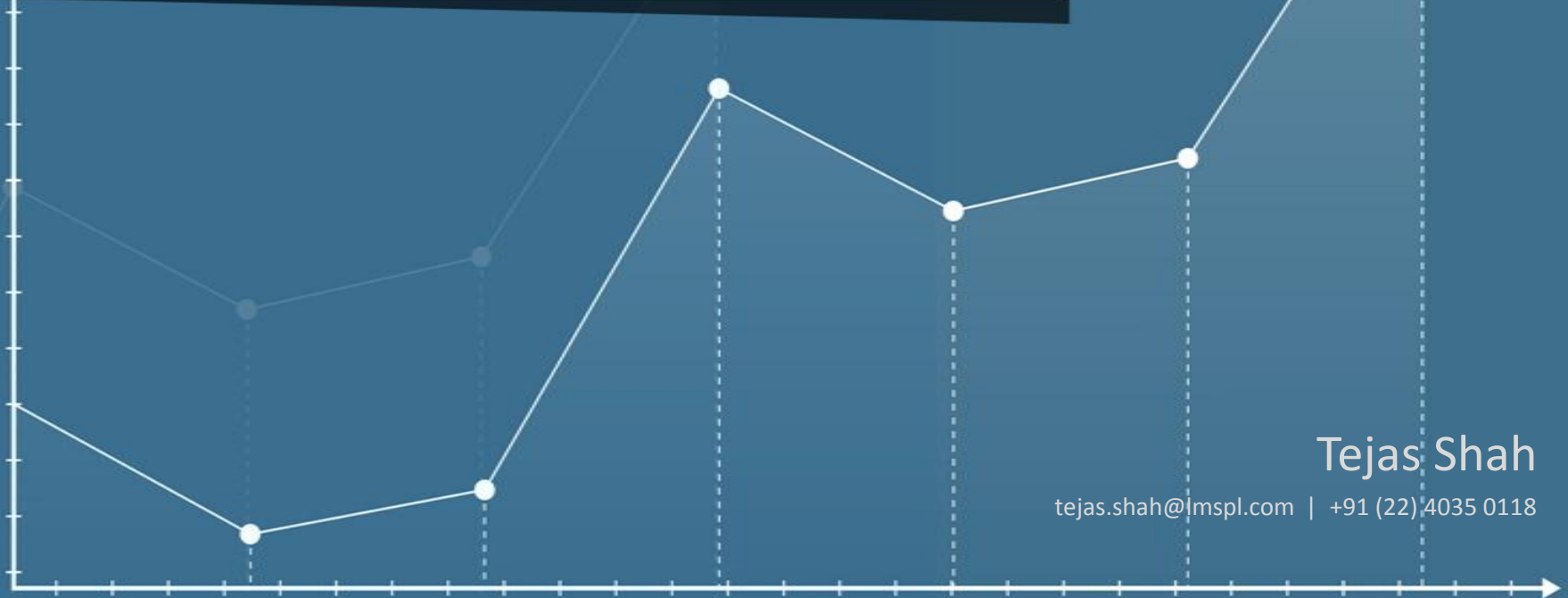


Weekly Technical Perspective

Trading Research Desk



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NIFTY (daily)

* NIFTY 50 (10,699.70, 10,741.05, 10,628.65, 10,727.35, +55.0996)



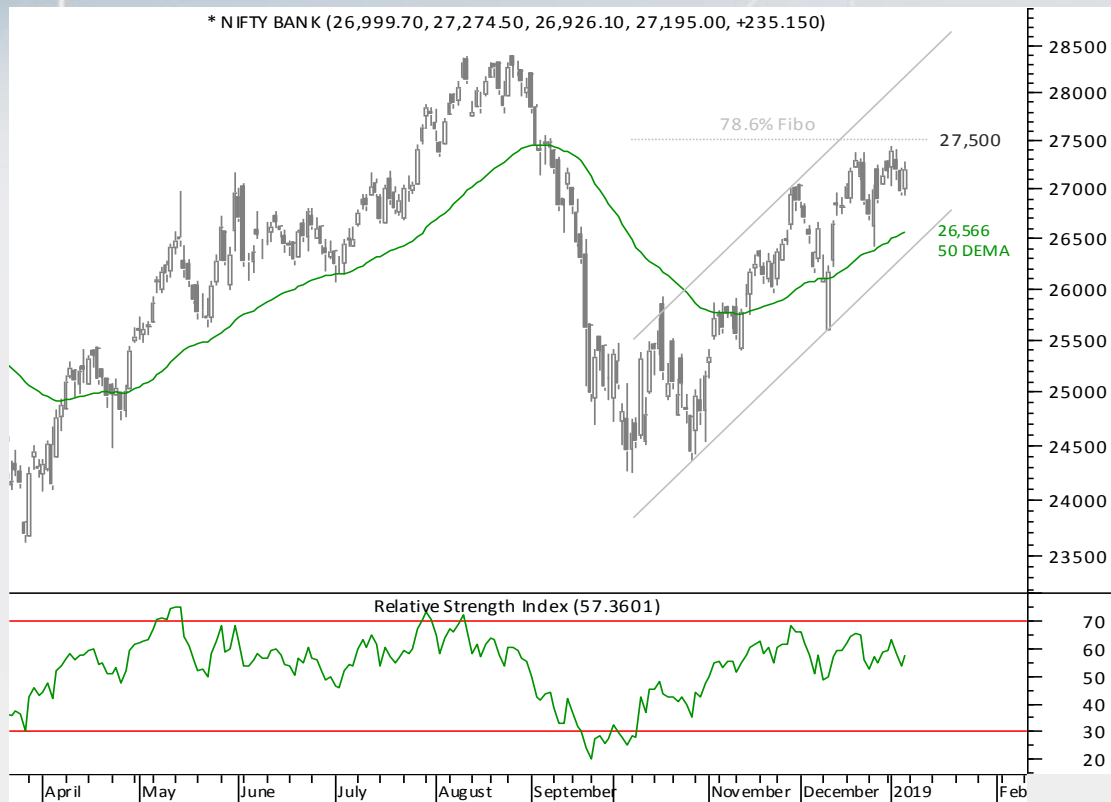
Indian markets have begun the New Year on a weak footing with a marginal loss of 1.2% following a 'hammer' candlestick in week prior. The index breached crucial support at 10700 briefly, but managed to regain the handle. Price action of the past few weeks suggest the index is in consolidation phase within a broad range of 10500-11000 despite some crucial economic and political events passing through in that period.

Momentum indicators have turned neutral due to the sideways price action and are unable to guide direction. **We expect the index to grind higher towards 11,085 (61.8% Fib retracement); whereas key support is pegged at 10,535.**



BANK NIFTY (daily)

* NIFTY BANK (26,999.70, 27,274.50, 26,926.10, 27,195.00, +235.150)



Bank Nifty has been a relative outperformer in the Indian market as the index trades near its recent high and has been successful in trending higher. The index posted a marginal higher high in the previous week before retreating lower mid-week but late gains helped maintain a winning streak. Having said that, Bank Nifty trades a shade under its 78.6% Fibo retracement mark of 27,500 which is most likely to be tested early this week.

Readings on momentum oscillators and indicators are in bullish territory but are seen consolidating due to the sideways price action lately. The index has been tracing an intermediate up trending channel pivoted by the 21 & 50 day EMAs. **We expect Bank Nifty to surpass 27,500 resistance and head towards the 28,000 handle in the near-term. Support is pegged deep at the 50-DEMA of 26566.**

USD-INR (weekly)



The initial leg of decline to 69.55 in USDINR was followed by a sharp rally towards 72.62 in mid-December followed by a fallback below the 70 handle by end of the year. The currency pair now trades at 69.50 as the macro-economic situation improves due to lower crude oil prices and headline inflation in benign territory. Technically, USDINR is in a strong short-term downtrend, trading below all key moving averages and price action pulled lower.

Readings on various momentum oscillators and indicators are in strong sell mode and haven't reached oversold state on short / medium term charts suggesting further downside. **We expect USDINR to close the earlier bullish gap between 69.02-69.40 and test the long-term breakout level of 68.90 before settling down. Meanwhile, upside is likely to be capped at 70.25.**



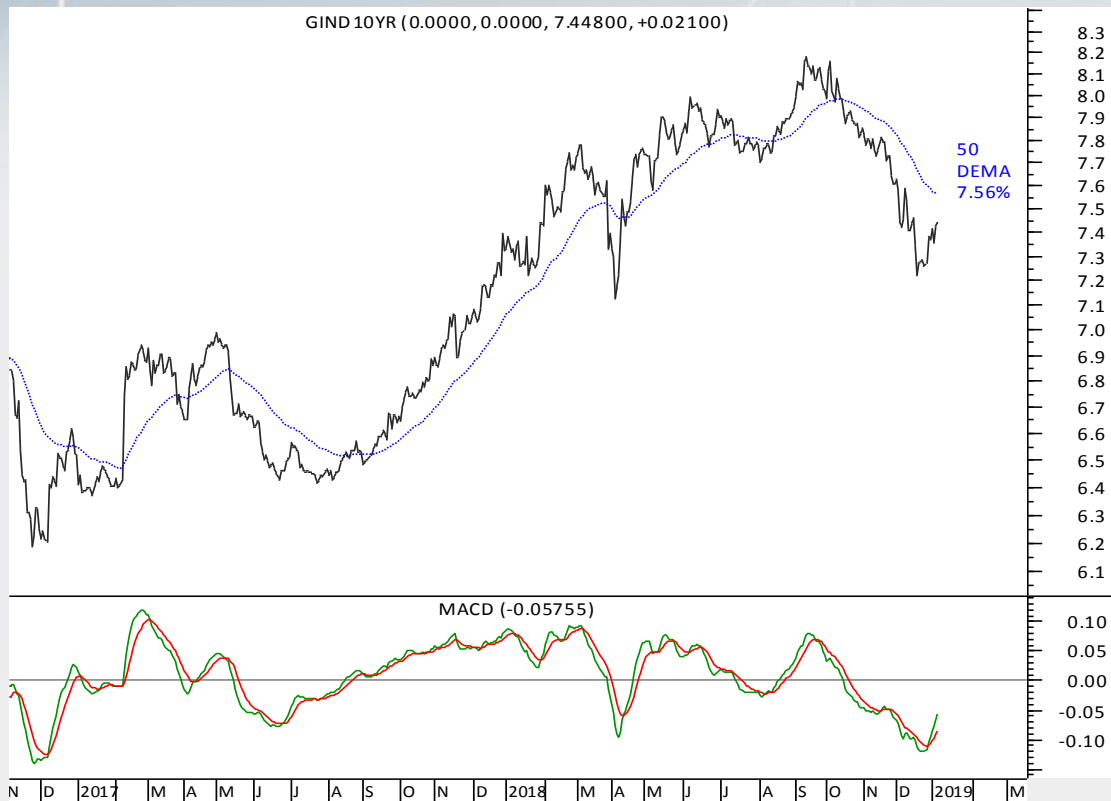
US DXY (daily)



US DXY has been in a gradual grind down and ended the week lower for the third consecutive week. Broadly, the US Dollar index is range bound between 95.37-97.55 and currently trading at the lower boundary of the range. A 'long-legged doji' candlestick pattern on weekly chart indicates that perhaps the decline is going to pause and a move higher is in the offing.

Momentum indicators are in sell mode but the showing positive divergence on the daily scale supporting the possibility of a recovery. **As long as 95.37 is protected on the downside, expect DXY to rebound higher towards 96.55 and on breach of the level can move towards the range high of 97.55.**

India 10-yr Gsec yield (daily)



Yield on India's benchmark 10-year Bond continued to decline in December and tested the 7.25% handle before forming a temporary low and has since been recovering higher. The initial surge in Bond prices was triggered by a collapse in Crude Oil prices and lower inflation readings. However, the yields softening in US benchmark, some outflow has resulted in recovery of yields domestically.

The sharp downtrend for the yields is not yet over as this seems to be a temporary pullback towards the 50-DEMA of 7.55%. **We expect a further leg down towards the 7.15% handle once the momentum cools off as it recovers from oversold levels.**

GOLD - MCX (daily)

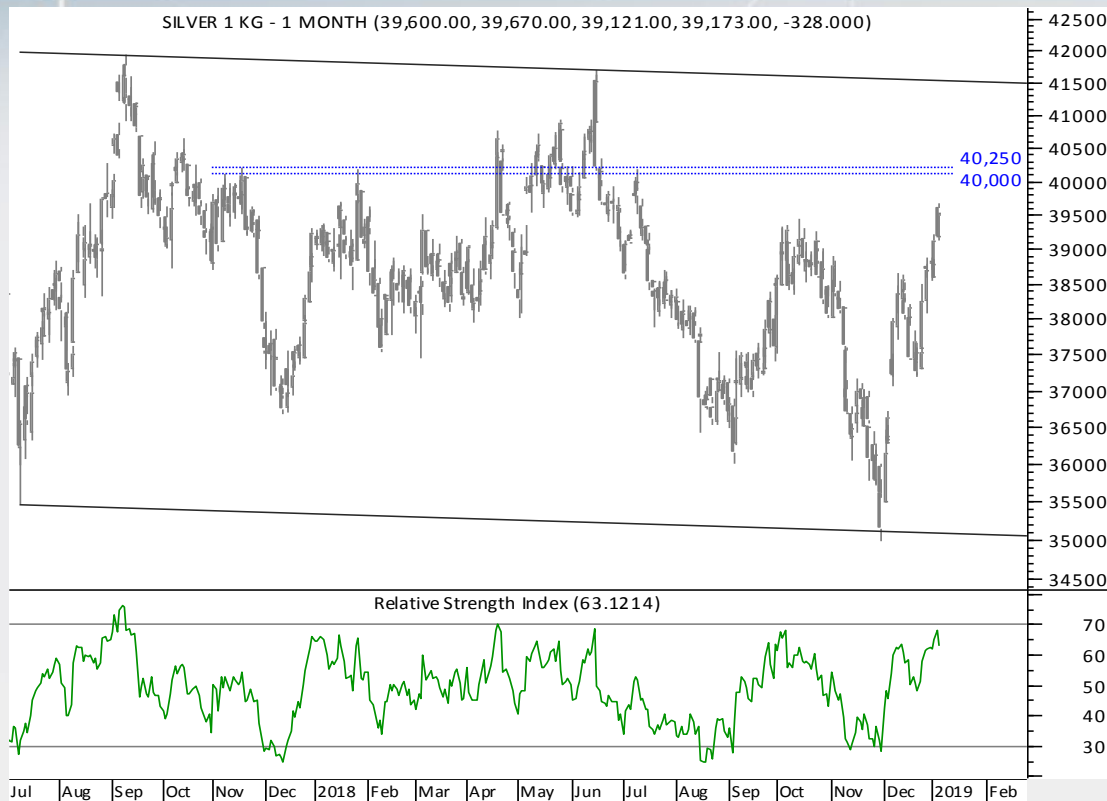


Since making a large move in the first week of December, Gold prices have been in consolidation mode moving within 1100 points range. However, the short-term trend remains on the upside with prices poised above the key 21, 50 & 100 day EMAs. International Gold price on the other hand has been in a strong short-term uptrend and is on the verge of surpassing the \$1300 handle.

With near-term range bound price oscillation, momentum readings have flat lined on RSI and MACD and suggest a new near-term cycle is likely to emerge. **Expect Gold to move up towards 32,000 mark before correcting lower; whereas incase of breach of the 50-DEMA at 31,275, the short-term trend is likely to reverse.**



SILVER - MCX (daily)



Silver has managed to maintain its ongoing uptrend with a second consecutive weekly gain and importantly surpass the 39,000 handle. The white metal has been an outperformer relative to Gold with the Gold/Silver ratio also favoring the cheaper precious metal. Having formed a 'higher high' on the weekly scale, Silver is expected to trade firm in the near term..

Short-term readings on momentum oscillators are bullish and point towards further price strength. **We expect Silver to hit the 40,000-40,250 mark in the coming few sessions with reversal pegged below 38,550.**

CRUDE OIL - MCX (weekly)



Crude Oil price failed to build on the weekly 'morning star' reversal pattern in mid-December and instead dropped further down to fresh 52-week lows to briefly trade under 3000. Nevertheless, in the week prior, prices have recovered with a weekly 'hammer' candlestick pattern and a bullish follow through led by a recovery in the underlying benchmark WTI Crude Oil price.

RSI reading on the weekly scale has managed to recover from oversold threshold following a strong positive price/momentum divergence on the daily chart. However, the bulls are not yet back in the driving seat for the short-term until a close above 21-DEMA is achieved. **We expect strength to come through in the new week for a target price of 3625 i.e. 23.6% Fibon retracement of the entire Oct-Dec decline.**



NICKEL - MCX (weekly)



Nickel prices are poised for a recovery in the short-term after having gone through a corrective decline since October. The key industrial metal price has retraced 67% of the entire 2017-18 up trend at 735 and formed a 'double bottom' to trigger buying interest. Weekly chart appended shows the dip in weekly volumes in the last leg of this correction and a pick up in volumes has since been seen on the way up.

Nickel has managed to close above its 21-DEMA and the momentum oscillators have rolled bullish on the daily scale. Weekly Stochastic Oscillator too has triggered a buy crossover from oversold readings pointing towards a recovery in prices. **We expect a rally up to 804 in the near-term, provided 759 remains inviolate on the downside.**



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