

NIFTY REPORT

18TH NOVEMBER 2016

Stock Price	Action
8063	Buy

The index after forming a top 8969 on 6th September 2016 has drifted lower towards 8000 level on back of presidential election in US and sudden announcement of demonetization in our country which added fuel to the slow grind in the index which was ongoing in September and October months.

Technically speaking:

- The index found support at the neckline of the inverse head & shoulder pattern from which the index broke out in May 2016.
- The neckline is also near to the 50% Fibonacci retracement of the rise from 6825.80 (budget day low) to 8968.70, which is placed at 7897 level.
- The RSI is moving in a falling channel pattern since August 2016, and currently the RSI is near to the lower end of the channel. Moreover, RSI has fallen below 30 level for the 1st time after 12th February 2016.
- The PutCall OI is near to 0.66 level from which is considered to be oversold in nature and suggests that the downside is limited from current level. The lowest reading in the past one year is 0.60 which was seen in February 2016.
- Moreover, owing to major change in sentiment over the past few weeks, i.e. few analysts and traders who were of the view that it is a buy on dips market has suddenly changed to sell on rise is a signal that a short term bottom is near.
- We continue to maintain our view that the index is a buy on dips and advise traders to buy Nifty in the range of 8100 – 8050 for a target of 8750. The stop loss for the trade can be placed at 7920 level.





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