

Wealthstreet House View

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Wealthstreet

The Financial Engineers

THE WEEK THAT WAS

• **NIFTY FUTURE:** 11068.10(+0.60%)

BANK NIFTY FUTURE: 27579.90(+0.53%)

- The Nifty recouped losses in the second half and closed near the day's high on August 30, led by buying across sectors. The easing of US-China trade tensions and likely announcement about merger of public sector banks (PSBs) also boosted sentiment. The index closed above the psychological 11,000-mark and formed hammer pattern on the daily chart. It also snapped two-week losing streak and gained 1.8 percent to form a spinning-top pattern on the weekly scale.
- The spinning top is often regarded as a neutral pattern, suggesting indecisiveness on the part of both bulls and bears. It can be formed in an uptrend as well as in a downtrend. Experts feel the index needs a strong follow-up buying which could take the index to 11,180 in coming sessions, otherwise the rangebound movement is likely to continue.
- After opening higher at 10,987.80, the Nifty immediately drifted lower and hit the day's low of 10,874.80 at noon. However, it started recouping losses in afternoon and hit an intraday high of 11,042.60 in late trade. The index closed 75 points higher at 11,023.30.
- The Nifty50 registered the hammer formation on daily charts after retracing 50 percent of its last leg of rally from the lows of 10,637 to 11,141 levels. Moreover, on weekly charts index registered a 'Spinning Top' kind of indecisive formation but last 4 weeks of price action appears to be a period of consolidation inside the larger range of 11,180–10,650 kinds of levels. If the index would attract a follow through buying in the next trading session, then it should pave the way for a bullish reversal pattern breakout, above 11,141 kinds of levels, in the form of inverse head and shoulders, which could open up around 11,550
- On the options front, the maximum put open interest is at 10,800 followed by 11,000 strike, while the maximum call open interest is at 11,700 followed by 11,200 strike. The meaningful put writing was seen at 10,800 and 10,500 strike, while the call writing was seen at 11,600 followed by 11,000 strike. Option data suggests a broader trading range for the Nifty could be 10,700-11,300 in coming sessions.
- India VIX fell by 0.84 percent to 16.28 levels.
- The Bank Nifty traded between 27,100 and 27,550 for most part of the session, but closed near to its opening levels. The index gained 0.45 percent at 27,427.85. It formed a doji candle on the daily scale, while inside bar on weekly scale but relatively underperformed the benchmark index. Now it needs to cross and hold above 27,500 levels to witness a bounce towards 27,750 then 28,000 levels while a hold below the same could drift it towards 27,000 then 26,850 levels
- SGX Nifty Closed at 11012.50.