

Momentum Picks Up On The Downside

The Nifty lost 189 points over the day to close at 18042. The bears took over yesterday. The index opened flat, started to correct immediately and thereafter just stayed lower through the day. We saw a series of lower tops and lower bottom. The recovery around mid-day was sold into quickly. Most sectors closed in the red and India VIX rallies over 5% after a long time to close past 15.

Technically, for many it might seem that the bears came into the scene quite abruptly/suddenly yesterday. However, this might not be true as the groundwork to the same was been done over the last one week. We had kept you prepared for the same. The 18250 number worked wonderfully and the index turned around from the same after hugging it for four days. The candlestick pattern formed is negative. Yesterday was also the first pick-up of momentum on the downside. A bearish pattern breakdown has also been confirmed. The index has closed below the minor support of 18080 as well. All of these pointers hint at further weakness with the next big support only around 17800. 17980 is a minor support level for the next couple of days. Bank Nifty led from the front yesterday. The index has turned from our mentioned resistance of 43500. The set-up does not look encouraging. Expect further weakness. A close below 42000 gets the bears completely in control.

Overall: Given the move yesterday the bears have made their intent clear. The set-up remains weak for further downside.

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Trend	Downward
Nifty	18042
Support	17980, 17890
Resistance	18090, 18140
Bank Nifty	42958
Support	42840, 42890
Resistance	43200, 43500
Trend Strength	
Global Impact	

SECTORAL TRENDS

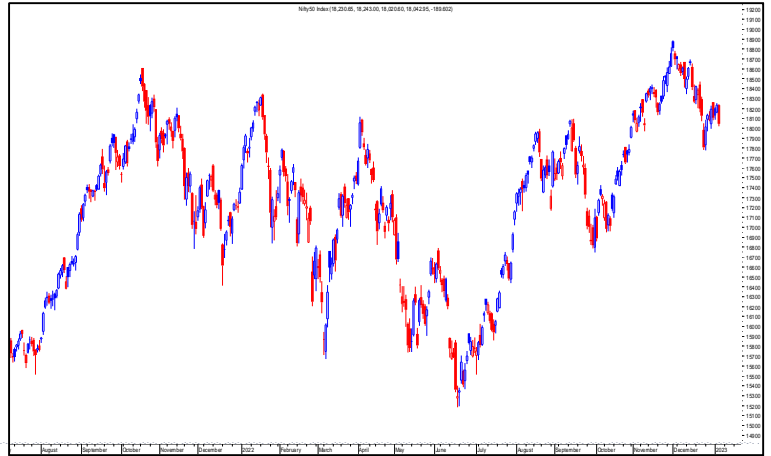
SECTOR	TREND	OUTLOOK	RANK
Metals	↑	Still going strong	1
Banking	↔	Corrects from resistance. Set-up getting weaker	2
Capital Goods	↔	Close to a downtrend	3
Mid-Cap	↔	Pattern formed bearish	4
FMCG	↓	Back in a downtrend	5
Technology	↓	28000 still the major support	6
Auto	↓	Underperformer	7
Pharma	↓	Ranged with a negative bias	8

WEIGHT OF EVIDENCE

Nifty – Pattern Breakdown

Couple of days back we had highlighted that the index had formed a bearish continuation pattern on the charts and that a breakdown from the same could be coming. This has been confirmed yesterday. The close of the pattern has been at the day's lowest point. Usually such breakdowns take the index quickly down to the point from where the rally started i.e. 17800.

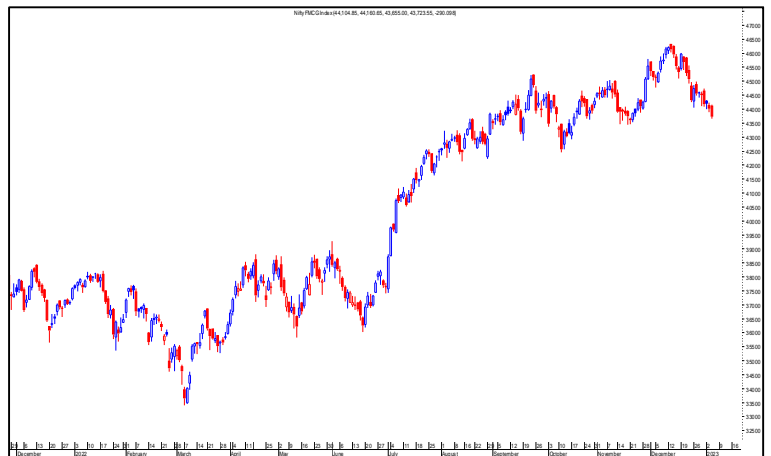
Exhibit 1



FMCG – Getting Weaker

The FMCG index has seen a series of lower lows in the last few weeks. Yesterday another minor support has been broken. A bearish moving average crossover has also been confirmed. Most of the top stocks including ITC are bearishly placed. More downside towards 42000 is likely in the near term.

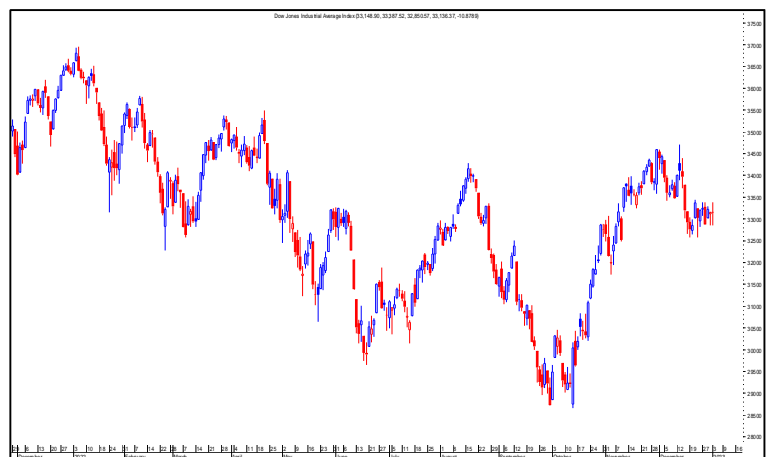
Exhibit 2



US Markets – At An Inflection Point

India was at an inflection point till late last week. Now the US markets seem to be in the same position. They have been sideways in the recent past but rallies have just not sustained. We continue to watch 32500 on the Dow. A close below the same would lead to substantial momentum on the downside.

Exhibit 3





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