

Daily Nifty Observer

Issue - 705

July 20, 2012

Nifty Outlook

....on last trading day of the week 5231 levels will set tone for next week, closing above it will open for 5370 else consolidation around current level likely to continue....

Support

5231/5206/5195

Resistance

5245/5257/5280

Market Strength Indicators

14 days RSI - Up by 2.74 points at 55.3 levels

14 days SchRSI - Up by 13.37 at 25.7 levels

Stochastic - Up by 21.76 points at 37.63 levels

TSI - Down by 0.66 points

Market Intensity Indicator

NFP - At premium of 14.3 from premium of 7.25 earlier

Advance - 794

Decline - 661

Volatility - Unchanged at 0.12 levels from previous

Moving Average Indicator

20 days SMA - 5235.16

50 days SMA - 5080.08

200 days SMA - 5097.29

Bollinger Band - Trading around Middle Band

Other Indicators

FII's Spot - Positive

DII's Spot - Negative

F&O - Positive

Spot Nifty Daily Chart Analysis



Spot Nifty closed at 5242.70 up 0.50 % after ranging trading session with fall in volume which was below its 20 period SMA. It made a high of 5257.75 and low of 5233.15 levels in intraday. Nifty closed below its 20 period, above its 50 periods and above its 200 periods SMA. Momentum oscillator is indicating that Nifty is trading around its over sold zone on intraday chart. **After trading in short term bear zone for almost 3 trading days Nifty today closed in bull zone. Continuation of trading above its 20 period SMA will be short to mid term bull phase for Nifty.**

For friday, 5235 levels will give immediate support to Nifty, trading above it will only ensure for above 5257 levels else probability to breach 5200 levels again on intraday will increase. Closing above 5235 levels on weekly basis will confirm for movement towards 5370 levels or above next week.

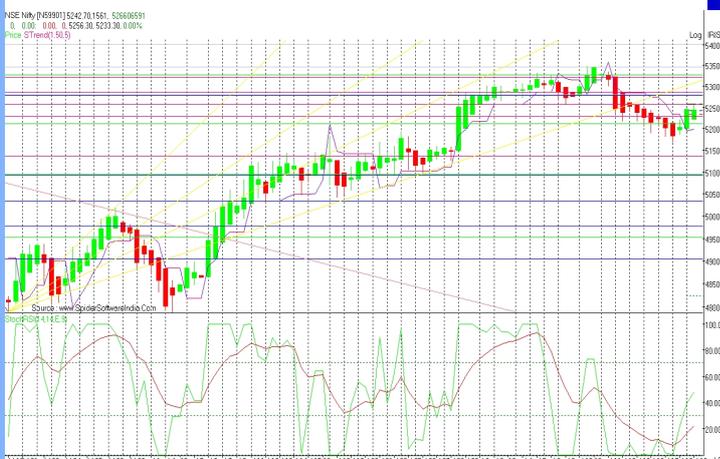
60 Minute Chart Analysis



14 days Schotastic RSI (60 minutes chart) closed at 81.76 levels & traded across its 9 period EMA for whole of the trading session and managed to close below it. On friday it may try to come below its 9 period EMA levels allowing Nifty to consolidate above 5200 levels.

On thursday nifty opened with gap and tested 5257 levels but failed to sustain it and closed below it. However Nifty sustained above 5231 levels. For friday sustaining above 5231 levels will open for 5257 levels and above else probability to move towards 5200 levels or below will increase.

240 Minute Chart Analysis



After five days in bear zone Nifty today moved in bull zone and closed above Super Trend, over 240 minutes Heikin Candle. Today also Nifty closed above 5200 levels.

After 28 consecutive closing above 4th speed line on 240 minute chart for 6th consecutive day it closed below it. Speed line is drawn from the low of 4789.15 (18/05/2012) and high of 5020.10 (29/05/2012).

In next few 240 minute Heikin candle if Nifty manages to close above 4th speed line then only probability to move towards 3rd speed line around 5450 levels will grow stronger with 5280/5320 levels as strong resistance zone. Else if Nifty breaks 4th speed line then it may move towards 5150 levels or below it in coming few 240 minutes candle whose probability seems to be low.

Note on Nifty Intraday Price,OI & Volume (19/07/2012)

On thursday rise in Nifty (0.50 %) was registered with rise in Nifty July 12 futures open position (5.49%) and fall in Nifty spot intraday volume (2.25 %).

Nifty rise with rise in OI and fall in volume suggesting that the market is attracting late buyers and early shorts; market is vulnerable to a sharp correction buy likely that correction will develop creating a sell point for downtrend.

Current rise of 0.50 % in Nifty was due to fresh long build up in Nifty July 12 series.

On thursday heavy fresh long build up in stocks future was seen. Along with it, both good amount of short covering and long liquidation initiated. Continuation of this trend will force Nifty to trade above 5231 levels on friday with 5210 levels as intraday support. Above 5231 levels Nifty will find immediate resistance at 5257 levels. However if fresh short build up initiates, may allow Nifty towards 5200 levels or below it may be towards 5150 levels.

