

**WEEKLY OVERVIEW**

**14<sup>th</sup> December, 2018**

**Support: 10362, 10004**

**Resistance: 10833 - 10914, 11089 - 11341**



**Last week, we had said that a Weekly Close below 10710 indicates weakness in the Nifty which would be confirmed by a Weekly Close below 10472.**

We have been highlighting in our reports that a medium-term corrective process in the Nifty is underway. In September 2018, the Nifty had registered a Monthly Close below its previous High (which was the January 2018 High of 11171) with a Bearish Engulfing formation on the Monthly Chart. In October 2018, the Monthly MACD has crossed below its Trigger Line. These technical developments indicated that a medium-term corrective process is underway.

In the near term, the Nifty has bounced from the 61.8% Fibonacci retracement level of its up-move from 10004 to 10941 (10362). On a Weekly Close basis it has managed to sustain above the 12<sup>th</sup> October 2018 Weekly Closing Peak of 10472. The Nifty is currently testing the 78.6% Fibonacci retracement level of its fall from 10941 to 10333 (10811). Daily Gap is placed between 10821 & 10833. A Daily Close above 10833 would indicate further near term strength in the Nifty which would be confirmed by a Daily Close above the high of 10941. This would lead to a test of the key resistance zone placed between 11089 (61.8% Fibonacci retracement level of the fall from 11760) and 11341 (Midpoint of the September 2018 Monthly Bearish Engulfing Candlebody) where upsides are expected to be capped on Monthly Close basis.

The 61.8% Fibonacci retracement level of the up-move from 10004 to 10941 (10362) assumes importance as the key near term support on a Daily Close basis. A decisive Daily Close below the same would indicate resumption of the medium-term corrective process. The Nifty would then initially test the October 2018 Low of 10004. Eventual test of the supports placed around 9000 is expected.

**To summarize, a failure to sustain above previous peak on a Monthly Close basis (September 2018) followed by the Monthly MACD crossing below its Trigger Line (in October 2018) indicated that a medium-term corrective process is underway. Near term, a Daily Close above the 10833 would indicate further strength which would be confirmed by a Daily Close above the high of 10914. This would lead to a test of the key resistance zone placed between 11089 & 11341 (Monthly Close basis) where the upsides are expected to be capped. Key near term support is placed at 10362 on a Daily Close basis. A decisive Daily Close below the same would indicate resumption of the medium-term corrective process. The Nifty would then initially test the October 2018 Low of 10004. Eventual test of the supports placed around 9000 is expected.**

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