

Supports: 34496, 33291

Resistances: 36014 – 36446, 36813 - 37571



Last week, we had said that a Weekly Close below 35605 would indicate weakness in the Sensex which would be confirmed by a Weekly Close below 34733.

We have been highlighting in our reports that a medium-term corrective process in the Sensex is underway. In September 2018, the Sensex had registered a Monthly Close below its previous High (which was the January 2018 High of 36444) with a Bearish Engulfing formation on the Monthly Chart. In November 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 Sensex has bounced from the 61.8% Fibonacci retracement level of its up-move from 33291 to 36446 (34496). On a Weekly Close basis it has managed to sustain above the 12<sup>th</sup> October 2018 Weekly Closing Peak of 34733. The Sensex is currently testing the 78.6% Fibonacci retracement level of its fall from 36446 to 34426 (36014). A Daily Close above the same would indicate further near term strength in the Sensex which would be confirmed by a Daily Close above the high of 36446. This would lead to a test of the key resistance zone placed between 36813 (61.8% Fibonacci retracement level of the fall from 38989 to 33291) & 37571 (Midpoint of the September 2018 Monthly Bearish Engulfing Candlebody) where upsides are expected to be capped on a Monthly Close basis.

The 61.8% Fibonacci retracement level of the up-move from 33291 to 36446 (34496) 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 Sensex would then initially test the October 2018 Low of 33291. Eventual test of the supports placed around 30000 is expected.

To summarize, a failure to sustain above previous peak on a Monthly Close basis (in September 2018) followed by the Monthly MACD crossing below its Trigger Line (in November 2018) indicated that a medium-term corrective process is underway. Near term, a Daily Close above the 36014 would indicate further strength which would be confirmed by a Daily Close above the high of 36446. This would lead to a test of the key resistance zone placed between 36813 & 37571 (Monthly Close basis) where the upsides are expected to be capped. Key near term support is placed at 34496 on a Daily Close basis. A decisive Daily Close below the same would indicate resumption of the medium-term corrective process. The Sensex would then initially test the October 2018 Low of 33291. Eventual test of the supports placed around 30000 is expected.

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