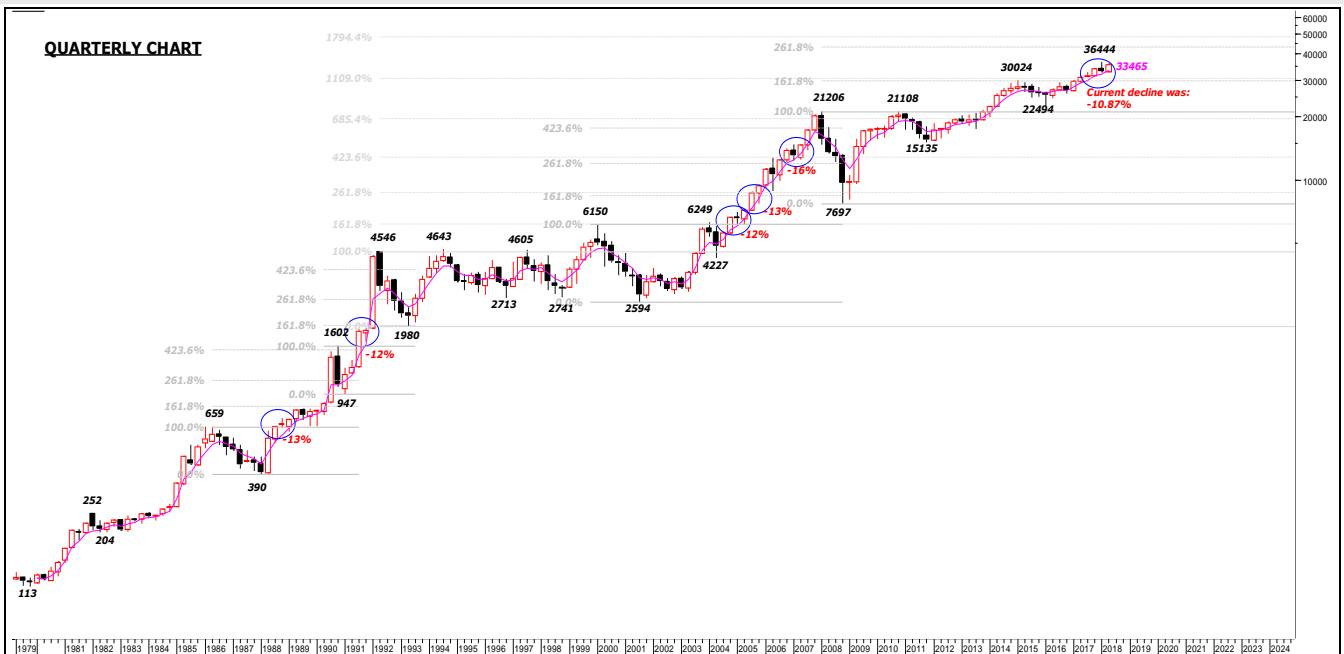


Support: 34937, 34302

Resistances: 35776, 36050 - 36444



Last week, we had highlighted that sustaining above the low of 34302 on a Weekly Close basis would allow for the up-move since the March 2018 low of 32483 to remain intact.

The Sensex, after making a high of 35993 which was near the 89% Fibonacci retracement level of the fall from 36444 (36008) and 25th January 2018 Weekly Closing Peak of 36050, had witnessed selling pressure. In the process the Sensex had formed a "Bearish Engulfing" pattern on the Weekly Chart. The Sensex has been in a consolidation phase since then. At the 23rd May 2018 low of 34302, the Sensex had bounced from the Weekly Middle Bollinger Band. Hence, sustaining above the low of 34302 on a Weekly Close basis would allow for the up-move since the March 2018 low of 32483 to remain intact.

The Sensex had recently violated the Daily Gap area placed between 35278 & 35230. However, at the low of 34937, the Sensex has bounced from its Daily Lower Bollinger Band. Hence, sustaining above 34937 on a Daily Close basis is key to avoid further near-term weakness. This would allow for a revisit of the down-sloping trendline resistance placed at 35776. Nevertheless, the area between 36050 & 36444 (January 2018 Weekly Closing Peak and February 2018 High) remains important as the key near term resistance zone. A Weekly Close above 36444 would accelerate the long term up-move.

At the low of 32483, the Sensex had declined by 11% from its peak value and had bounced from near the 4-Quarter EMA placed at 33465. Since then it has been in a strong up-move. This behaviour of the Sensex has been in line with the past bull runs. Hence, long term outlook continues to remain positive with initial target placed at 43065 (261.8% Fibonacci retracement level of the January 2008 - October 2008 fall). Nevertheless, our long term targets for the Sensex are placed atleast in the 65000 & 75000 zone (423.6% Fibonacci retracement level of the January 2008 - October 2008 fall is placed at 64923 while the 500% retracement level of the said fall is placed at 75244).

To summarize, near term consolidation process is underway. Sustaining above 34937 on a Daily Close basis is key to avoid further near-term weakness. This would allow for a revisit of the down-sloping trendline resistance placed at 35776. Nevertheless, the area between 36050 & 36444 remains important as the key near term resistance zone. A Weekly Close above 36444 would accelerate the long term up-move. Sustaining above the low of 34302 on a Weekly Close basis would allow for the up-move since the March 2018 low of 32483 to remain intact.

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