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Technical Research

S & P BSE Sensex 35622.14

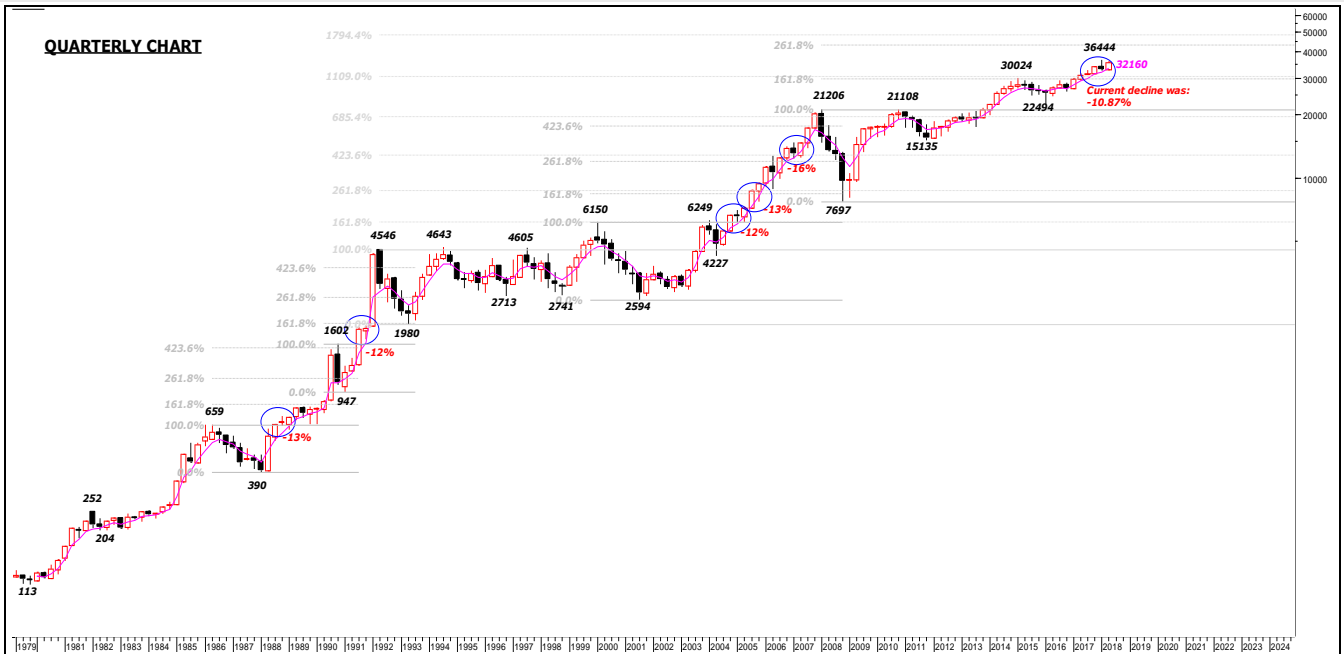
Sustaining above 34302 (Weekly Close basis) would allow for the upside momentum to remain intact.

WEEKLY OVERVIEW

15th June, 2018

Support: 34302

Resistances: 36050 - 36444



Last week, we had highlighted that sustaining above the low of 34302 on a Weekly Close basis is key 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. This has been a cause for concern in the near term.

However, 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. Only a failure to do so would open up the possibility of revisit of the low of 32438.

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 32160. 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).

The area between 36050 & 36444 (January 2018 Weekly Closing Peak and February 2018 High) assumes importance as the key near term resistance zone. A Weekly Close above 36444 would confirm resumption of the long term up-move.

To summarize, 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. Only a failure to do so would open up the possibility of revisit of the March 2018 low of 32438. The area between 36050 & 36444 (January 2018 Weekly Closing Peak and February 2018 High) now assumes importance as the key near term resistance zone. A Weekly Close above 36444 would confirm resumption of the long term up-move.

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