

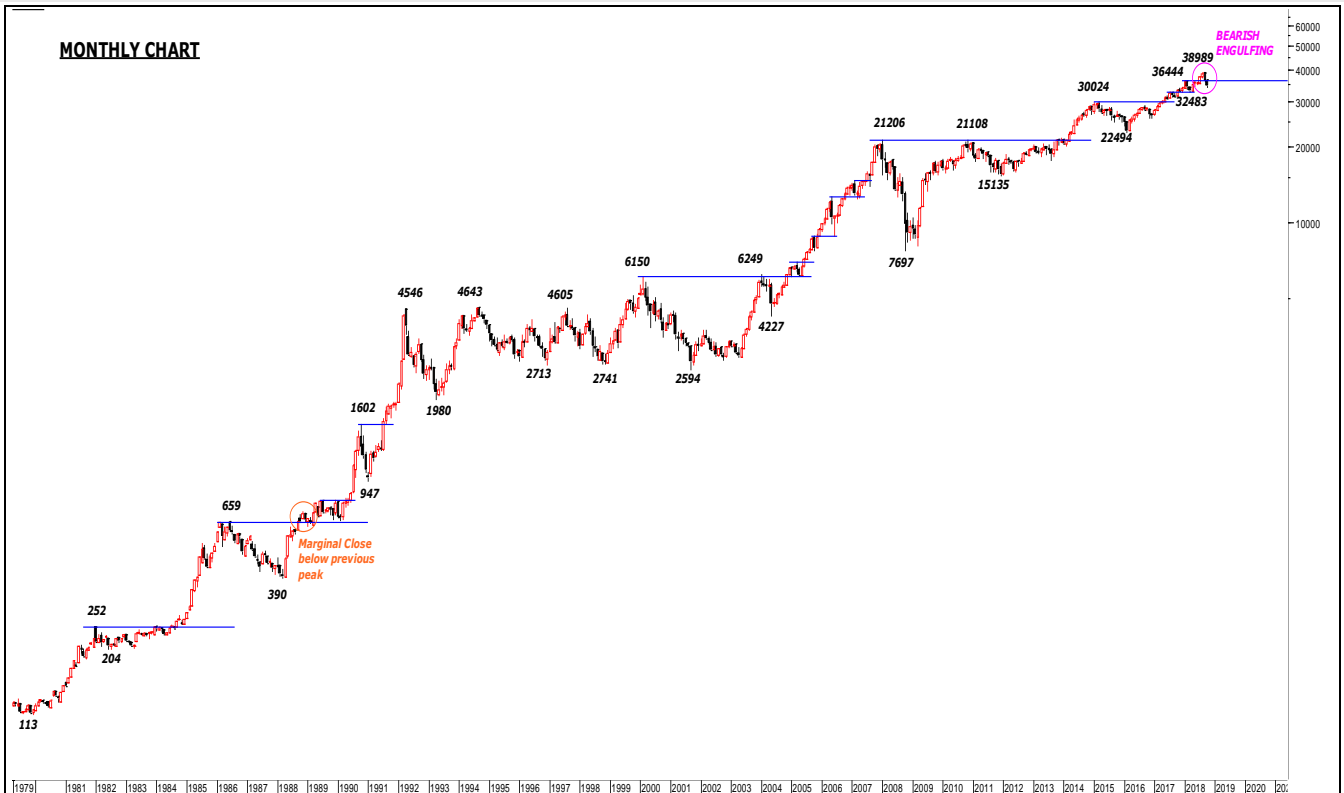
Testing supports.

WEEKLY OVERVIEW

5th October, 2018

Supports: 34570 – 33876, 32483

Resistances: 36000, 37160 - 37571



Last week, we had said that the Sensex sustaining above 35993 on a Daily Close basis was key and that a failure to do so would lead to an initial test of supports placed between 34695 & 34180 and subsequently lead to a test of the supports placed around the March 2018 Low of 32483.

Sensex registered a Daily Close below its Low of 35993 on 3rd October 2018, which triggered continuation of the corrective process that has been in force since the high of 38989. The Sensex is currently testing its supports placed between 34570 (4-Quarter EMA) & 33876 (78.6% Fibonacci retracement level of the up-move from 32483). Weekly RSI is also testing its Oversold levels. Hence, the 34570 – 33876 zone is the potential bounce area. A decisive breach of 33876 on a Weekly Close basis would extend the ongoing correction wherein the Sensex would test the support placed around the March 2018 Low of 32483, which is the key support on a Weekly Close basis.

Immediate resistance is placed around the 4-Week EMA (Touch Point: 36000). A decisive Weekly Close is required to indicate potential near term strength in the Sensex. This would lead to a test of the resistances placed between 37160 (61.8% Fibonacci retracement level of the recent fall from 38989) & 37571 (Midpoint of September 2018 Candlebody). A decisive Monthly Close above 37571 is required to negate the weakness in the Sensex.

To summarize, Sensex is currently testing the supports placed between 34570 & 33876 which is a potential bounce area. A Weekly Close below 33876 would extend the ongoing corrective process wherein the Sensex would test its March 2018 Low of 32483. Immediate resistance is placed around the 4-Week EMA (Touch Point: 36000). A decisive Weekly Close is required to indicate potential near term strength in the Sensex. This would lead to a test of the resistances placed between 37160 & 37571.

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