

“Markets can remain irrational longer than you can remain solvent”
- John Maynard Keynes

THE NIFTY LOOKS OVERSTRETCHED

Dear Friends

The Nifty closed at a new lifetime high, led by Nifty IT. The index was up by 1.66 per cent last week, and the BSE Sensex is also up by 1.58 per cent. The broader market indices, Nifty Midcap-100 and Smallcap-100 gained by 1.25 per cent and 1.19 per cent, respectively, and made new highs. Nifty IT is the top gainer with 4.13 per cent, followed by Nifty Pharma up by 3.06 per cent. The FMCG and PSU Bank indices were laggards, with 0.55 per cent and 0.45 per cent, respectively. The FIIs sold Rs.21,368.51 crore, and the DIIs bought Rs.48,278.65 crore worth of equities in August.



The benchmark index is at a new high with the support of domestic funds flow. The Index has broken out of a five-week consolidation base with above-average volume. With just one distribution day, the index looks very strongly bullish, and all the dips were bought in. Last week, the index registered all five positive days, and for the last three weeks, it has been closing above the prior week's highs. This shows a strong trend strength. However, the index looks overstretched as the indicators are in the extreme

zone on long-term charts. The Nifty has formed a Hanging man candle on a monthly chart, indicating exhaustion and vulnerability to mean reversion. If the price moves too far from the mean, it must come to the mean level. Currently, the index is trading 6.65 per cent above the 20-week average, and the Bollinger bands are expanding.

Currently, the index is 1574 points above the 20-week average. The index tested the channel support and line and bounced. The five-week consolidation has given me a fresh opportunity. The impulsive move is because the index oscillated around the 20-week average for 18 weeks during the Jan-June period. Any prolonged congestion will lead to a sharp move. Before the 19 weeks of range-bound activity, the index had experienced an upside-sharp move for nine weeks. In fact, the index has met the 100 per cent Fibonacci extension target of the prior swing and formed a base. The index reacted on 5th August from the rising wedge resistance line. Now, the index closed above the rising wedge resistance is a breakout.

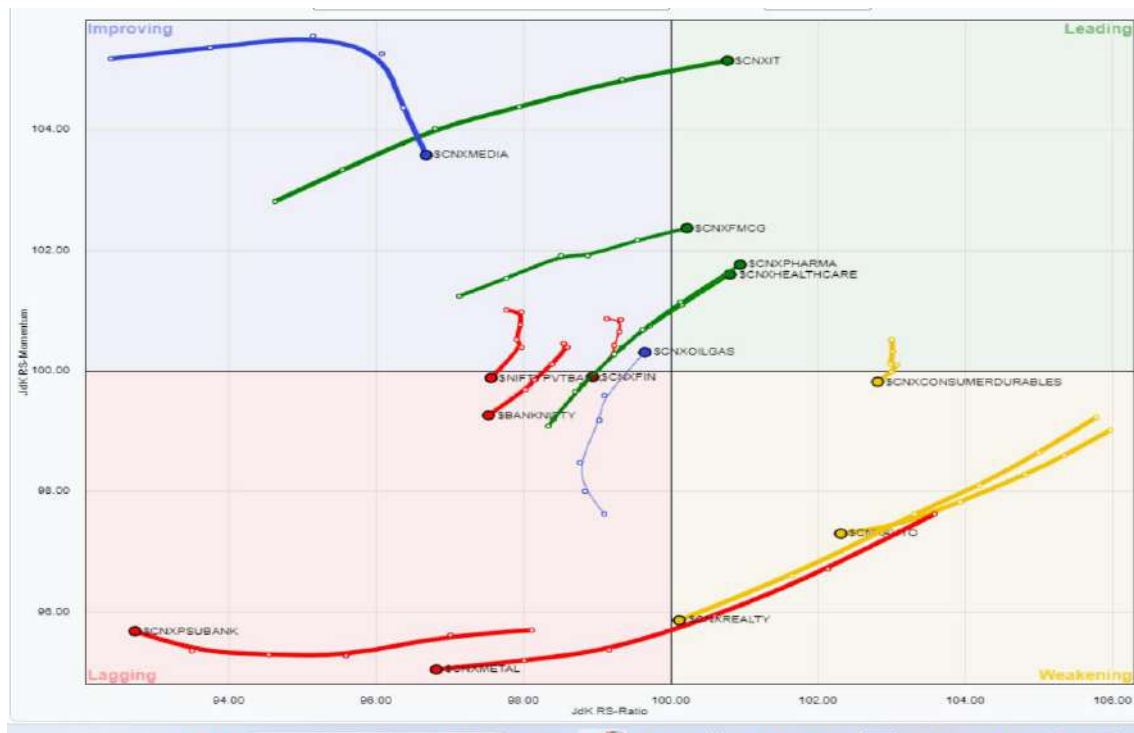


After 2016-2020, the Nifty has formed a rising wedge pattern of 53 months. The earlier rising wedge was 61 months old and formed two bearish divergences in the monthly RSI. The result of these two divergences was the Covid crash. The current rising wedge holds one bearish divergence. However, there are several negative divergences in the weekly and daily charts. The Monthly RSI is at 81.92, which is an extremely overbought zone. Whenever it reaches above 80, the market corrected significantly in the past.

The daily RSI has not formed a new high, even though the price made a new high, which is a bearish divergence. Even the MACD line also formed the bearish divergence. These major indicators in lower highs, while prices made new highs.

Simultaneously, it's important to note that the market is due for a two-cycle correction. A reasonable correction can be expected in the near future. The target of 25056 has already been met. Any corrections that occur may be sharper. The previous week's low of 24874 is a crucial support level at present. The 10-week average is at 24589. If the index can maintain this support zone, cautious optimism is warranted. However, a close below 24874 would be a negative sign and could lead to a test below 24000. The 20-day average at 24593 is also a critical support level.

The slowdown in GDP growth rate may disappoint market participants next week. Frustrated bears may use this as an opportunity to build short positions. Technically, the Nifty has formed an evening star with heavy volume, a sign of exhaustion. The volumes were highest after 4th June. The last two hours of selling pressure on Friday indicate something negative for next week. It is better to stay with a low position size. In any case, the index opens with a gap down, which will confirm the short-term top is made at 25268.35.



The RRG charts show the Nifty IT, Pharma, and FMCG indices in the leading quadrant with strong momentum and relative strength. The sector's stocks will outperform in the near term. Oil and Gas entered the Improving quadrant with strong momentum. The sector stock may be in the limelight next week. The Media index is in the Improving quadrant but is losing momentum. All the sector indices are losing their momentum.

The Strategy for next week

As long as the index trades above 25071, be positive. The immediate resistance is at 25317. The above continues with trailing stop loss. A close below 24199 is negative. The immediate support is at Rs.24986. Below this it can test 24874, and 24593. Be cautiously optimistic. For short opportunities, wait for an hourly close below 24986.

BANKNIFTY



The Banknifty is underperforming compared to the benchmark index. The Nifty is at a new high, but the Banknifty is still over 3.5 per cent below its



WEALOCITY ANALYTICS
beyond profit...



CHECKMATE
CATCHING THE BIG TREND

all-time high. It is still below the 10-week average. The index closed above the prior week's high for the last two weeks. After two identical hammer candles, the index broke the double bottom pattern. Currently, the 8EMA is acting as strong support. On Friday, the index sharply declined in the last two hours, with heavy volume is worrisome now. It closed below the open. The positive divergence in RSI resulted in the double-bottom pattern breakout. Now, for an upside to continue, the RSI must shift its range into the above-60 zone. As the hourly RSI has formed a negative divergence, expect a downside move and testing of 8EMA 51071. Only below this, the index may correct towards the 20DMA of 50622. On the upside, 51506 is the immediate resistance. Above this, 51943 will be a strong resistance point. Next week will be crucial for the index to continue the upside move. Watch 51506-51069 zone on Monday. On either side, the breakout will result in a sharp move. The PSU Bank index is forming a rounding top, which is negative for the index. It is better to avoid fresh, aggressive long positions.

The Strategy for next week.

Be positive if the Banknifty is trading above 51200. It can test 51506. Maintain a stop loss at Rs.51071. Above the 51506, the target is open to 51943. But, a move below 51071 is negative, and it can test 50873 and 50622. Maintain a stop loss at Rs.51200.

DRREDDY'S

The stock closed at the prior pivot of the ascending base. The highest volume in recent times indicates a possible breakout. It is trading above all moving averages, and all of them are in the uptrend. The 20DMA is acting as support. Trading five per cent above the 50DMA. The RSI (59.68) is about to shift its range into the strong bullish zone. The negative divergence is negated. The MACD histogram shows a decline in bearish momentum. The ADX (28.52) shows the trend strength above the +DMI and -DMI. The Elder impulse system has formed a strong bullish bar. In short, the stock is about to register a bullish breakout. Buy this stock in Rs.7035-7063 zone. Maintain a stop loss at Rs.6890. The target is at Rs.7306. Above it continue with a trialling stop loss.



WEALOCITY ANALYTICS
beyond profit...



CHECKMATE
CATCHING THE BIG TREND



ABFRL

The stock has formed a complex head and shoulders pattern and a descending triangle. It closed at the parallel supports. The volumes were recorded above average for the last three days, which is a sign of distribution. Trading below all key moving averages. It is 3.36 per cent below the 50DMA, and the 20DMA is in the downtrend. The Bollinger bands squeeze indicates a possible impulse move on the downside if it declines below the supports. The MACD is below the zero line. The RSI is near to the bearish zone. The Elder impulse system has formed a bearish bar. The ADX is at 15.28, showing a weak trend, and -DMI is above the +DMI, and ADX is negative. In short, the stock is on the verge of collapse. A move below Rs.311 is negative, and it can test Rs.291. Maintain a stop loss at Rs.323.



WEALOCITY ANALYTICS
beyond profit...



CHECKMATE
CATCHING THE BIG TREND



Note: *The levels mentioned above are CASH levels. If your risk allows you to trade in derivatives, you can choose to trade in futures. Keep in mind that the stop losses mentioned are cash levels. Follow accordingly.*

MARKET HAWKEYE

BULLISH					BEARISH				
Symbol	LTP	%Chg	OI	%ChgOI	Symbol	LTP	%Chg	OI	%ChgOI
AUBANK 26SEP2024	685	7.17	21119000	11.3	DIXON 26SEP2024	13019	-2.02	2124800	22.21
MFSL 26SEP2024	1084.15	3.85	5062400	9.71	CANFINHOME 26SEP2024	852.75	-1.71	5200650	9.24
BALRAMCHIN 26SEP2024	604	3.56	11230400	86.23	IEX 26SEP2024	204.06	-1.4	69753750	5.33
BANDHANBNK 26SEP2024	202.72	3.43	127069600	31.81	BSOFT 26SEP2024	675.55	-1.22	10332000	11.48
MCX 26SEP2024	5191	3.43	2148200	2.01	MANAPPURAM 26SEP2024	216.5	-1.19	60975000	1.66
UPL 26SEP2024	602.25	3.43	36062000	2.51	ZYDUSLIFE 26SEP2024	1124.4	-1.03	21468600	19.39
OBEROIRLTY 26SEP2024	1787.95	3.14	8153600	1.3	COALINDIA 26SEP2024	526.25	-0.97	56597100	7.28
METROPOLIS 26SEP2024	2149.15	2.73	1468000	6.41	RECLTD 26SEP2024	625.4	-0.87	48710000	1.48
CIPLA 26SEP2024	1668	2.53	10975900	5.38	PEL 26SEP2024	1049.7	-0.85	9077250	4.63
LUPIN 26SEP2024	2258.95	2.5	12403625	5.42	ABFRL 26SEP2024	314.15	-0.82	55876600	5.67
PROFIT BOOKING					SHORT COVERING				
Symbol	LTP	%Chg	OI	%ChgOI	Symbol	LTP	%Chg	OI	%ChgOI
IDEA 26SEP2024	15.61	-4.88	454992704	-78.81	LAURUSLABS 26SEP2024	472.5	2.52	24206300	-0.86
					TORNTPHARM 26SEP2024	3519.95	2.13	1919000	-0.88
					GAIL 26SEP2024	238.28	2.01	109424850	-0.53
					DALBHARAT 26SEP2024	1892.35	1.72	3264800	-1.59
					JKCEMENT 26SEP2024	4424.05	1.64	560750	-0.13
					HAL 26SEP2024	4710	1.6	12612000	-1.17
					ATUL 26SEP2024	7982.5	1.23	831800	-0.05
					IDFCFIRSTB 26SEP2024	74.3	1.1	430560000	-1.22
					RAMCOCEM 26SEP2024	836.1	1.1	10802650	-4.84
					BIOCON 26SEP2024	361.95	1.09	44797500	-0.42

STANDARD DISCLOSURES

Business Activity:

Wealocity Analytics is a newly incorporated partnership firm (i.e. 05th Day of September 2023) for being engaged in the business of providing research-based analysis to customers and perform other research analyst activities.

Disciplinary History:

There has been no instance of any Disciplinary action, penalty, etc., levied/passed by any regulation/administrative agencies against Wealocity Analytics and its Partners. SEBI has not issued any administrative warning to Wealocity Analytics.

Terms & Conditions of issuance of Research Report:

The Research report is issued to the registered clients. The Research Report is based on the facts, figures and information that are considered true, correct and reliable. The information is obtained from publicly available media, or other sources believed to be reliable. The report is prepared solely for informational purposes and does not constitute an offer document or solicitation to buy or sell or subscribe for securities or other financial instruments for clients.

Disclosures with regard to ownership and material conflicts of interest:

Wealocity Analytics or its research analysts or his/her relative or associate has any direct or indirect financial interest in any company that is subject to research analysis. NO

Wealocity Analytics or its research analysts, or his/her relative or associate has any other material conflict of interest at time of publication of the research report. NO

Wealocity Analytics or its research analysts, or his/her relative or associates have actual ownership of one % or more securities of the subject company. NO

Disclosures with regard to receipt of compensation:

Wealocity Analytics or its associates have received any compensation from the subject company in the past twelve months. NO

Wealocity Analytics or its associates have managed or co-managed public offering of securities for the subject in the past twelve months. NO

Wealocity Analytics or its associates have received any compensation or other benefits from the subject company or third party in connection with the research report. NO

Other Disclosures:



WEALOCITY ANALYTICS
beyond profit...



CHECKMATE
CATCHING THE BIG TREND

The research analyst has served as an officer, director, employee of the subject company. NO
Wealocity Analytics or its research analyst has been engaged in market making activity for the subject company. NO
Wealocity Analytics or its or associates have received any compensation from the subject company in the past twelve months. NO

DISCLAIMER

You agree and understand that the information and material contained in this website implies and constitutes your consent to the terms mentioned below. You also agree that Wealocity Analytics. can modify or alter the terms and conditions of the use of this service without any liability. Wealocity Analytics. Is in process of obtaining the research analyst license from the Securities & Exchange Board of India (SEBI), and for the purpose of the research analyst activities owns and manages through the proposed domain name www.wealocityanalytics.com (hereinafter referred to as "the website"). It reserves the right to decide the criteria based on which customers/users would be allowed to avail of these services. The content of the website and the interpretation of data are solely the personal views of the contributors. Wealocity Analytics. reserves the right to make modifications and alterations to the content of the website. Users are advised to use the data for the purpose of information only and rely on their own independent judgment while making investment decisions. The investments discussed or recommended may not be suitable for all investors. Wealocity Analytics. does not guarantee the timeliness, accuracy, viability or quality of any of the content made available by it. Although due Care and diligence have been taken in preparation of information by us, Wealocity Analytics. shall not be responsible for any loss or damage, resulting from any action taken based on any contents of the website.

The content of the website cannot be copied, reproduced, republished, uploaded, posted, transmitted, or distributed for any non-personal use without obtaining prior permission from Wealocity Analytics. Wealocity Analytics. reserve the right to terminate the accounts of subscribers/customers, who violate the proprietary rights, in action to necessary legal action. Wealocity Analytics. and its owners/affiliates are not liable for damages (monetary or otherwise) caused by any performance, failure of performance, error, omission, interruption, deletion, defect, delay in transmission or operations, computer virus, communications line failure, and unauthorized access to the personal accounts. Wealocity Analytics. is not responsible for any technical failure or malfunctioning of the software or delays of any kind. We are also not responsible for non- receipt of registration details or e-mails. Users shall bear all responsibility of keeping the password secure. Wealocity Analytics. is not responsible for the loss or misuse of the password. Wealocity Analytics. is not responsible for the content of any of the linked sites. By providing access to other websites, Wealocity Analytics. is neither recommending nor endorsing the content available in the linked websites. You agree that the information gathered from your profile will be used to enhance your experience on the website. We will not rent or sell the profile/contents to any third party. In case of a contest or a promotion scheme, we reserve the right to share the users profile with the sponsors. In the event of necessary credit checks and collection of payments Wealocity Analytics. can disclose such information to other authorities in good faith.

Wealocity Analytics will use all or any part of the service and change terms without any obligation. Wealocity Analytics. is not in any manner answerable, responsible or liable to any person or persons for any acts of omissions or commission, errors, mistakes and/or partners, agents associate etc., of any of the Rules, regulations, bye-laws of the Bombay Stock Exchange Limited, National Stock Exchange of India Limited or SEBI Act or any other laws in force from time to time. Wealocity Analytics. is not answerable, responsible or liable for any information on this website or for any services rendered by us, our employees, affiliates and our servants. This website is for the exclusive purpose of transactions to be carried out within the territorial jurisdiction of India and all such transactions shall be governed by the laws in India. Notice is hereby given that Non Resident Indians (NRI's) and Foreign Nationals accessing this website and opting to transact thereon shall do so after due verification at their end of their eligibility to do so. Wealocity Analytics. undertakes no responsibility for such pre-eligibility of qualification on part of Non-Resident Indians (NRI's) or Foreign Nationals to transact on this website. If you do not agree to any of the terms mentioned in this agreement, you should exit the site.

You have accepted the terms and conditions and allow Wealocity Analytics. and its group companies to contact you via the contact information provided even if you are registered for DND facility.