

Dear Well-wishers,

Dated: - January 16<sup>th</sup>, 2016

### Emergency Note

In last 7 trading sessions, benchmark index trade in range of 7620-7450. Upper range was expected as already mention in my last report which I published on January 1<sup>st</sup>, 2016. But another 150 points make curiosity that is market continues this down trend?

Here I am going to share some facts which can help us to make investment decision in present volatility of equity market.

### Chart -1



(I used benchmark index nifty daily bar chart from March 2014 to till date. Above given chart, I used a downwards channel which indicates current financial (FY 2015-2016) year trading movement) Yellow circle showing support area of benchmark index (range between long term trading line and current trading channel of trend). Red Square showing Gap (benchmark index made gap in anticipation of event of general election and not spent much time so I mention it as undeveloped).

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Chart-2



(The line along between price pattern and volume show on balance volume (OBV) and bar showing OI (Open Interest).

Now I m explaining my observation on Nifty

- 1) Benchmark mark index nifty hold their support area (Indicate in yellow circle in chart-1, 7620-7420).
- 2) Bench mark index respect their current down trend channel and did not create new area of trading range since March, 2015.
- 3) Violation of long term trade line is not more than 3 percent (In common, 3 % rule work well in technical forecasting) which we can mark as ignoring trading range as benchmark index trade between current trading channel and long term trend line.
- 4) OI ( Open Interest) increased by 20 percent in last 7 days where movement was less than 2 percent and OBV (On Balance Volume) at their previous low but did not violate as off now.
- 5) Trading activity increased at makeable level as volumes of benchmark index rose by almost 35 percent in last 7 trading session.

**Conclusion: - All above given reason showing that we reached at make or break point as trading activity confirming this and still maintaining strong support area of nifty. In previous history of price movement showing that whenever index comes at this point, would release stress it on immediate basis.**

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According to my observation, for any up move, benchmark index need to respect their support zone on closing basis and will not violate trade line more than 3 percent which is near to 7400. Below 7400, we can see a big crack. A new sharp up move can start only above 7620 which can drive it till 8500-8700 to break current trading range and make new trading range for further development.

My strong advise to keep light or avoid aggressive trading in range of 7400-7650 and do not try to find bottom of benchmark index. A violation on more than 3 percent of support area can use as break down signal.

**Note: - Outlook on benchmark index nifty is positive for short term and very short term time period.**

Warm Regards,  
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(Certified research analyst)



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