



HSL Crystal Ball

A technical forecasting of Nifty for April 2018

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Nifty Daily timeframe:



Observation:

- Daily Timeframe: After forming a long legged doji type pattern at the highs on Tuesday, the Nifty slipped into a decline on Wednesday, and closed the day lower by ~ 70 points
- Nifty opened on Wednesday with a downside gap of ~44 points, and later moved into narrow range movement for the whole session. Minor volatility was seen during later part Wednesday (due to F&O expiry of March series), and Nifty closed near the day's low
- We observe a formation of small body negative on Wednesday, which is signaling a profit booking from the highs. The formation of doji of Tuesday's session could be indicating a minor reversal in Nifty from the highs
- The ongoing negative sequence of lower tops and bottoms is intact, and presently Nifty is declining, after the formation of a new lower top at 10,207 (27th March)
- **As per daily timeframe chart, an interesting pattern is in the process of forming. The inverted head & shoulder type formation is underway (important bottom reversal pattern). The first shoulder and head has been formed, and the second shoulder is in the process of forming**
- The neckline of the inverted H&S pattern is at 10,200 levels (orange line, the shoulders are marked in X). For this pattern to complete, the Nifty should halt its ongoing weakness by ~10,050-10000 levels (should not move below 9950 levels)
- After halting the down trend, Nifty should rebound from the lows. On its breaking above the neckline ~ 10,200 levels, the said inverted H&S pattern could be confirmed, and the potential upside target could be set at 10,450 levels, for near term
- Daily 14 period RSI is hovering ~30-40 levels, which is still above the oversold nature. At the same time, we observe repeated formation of positive divergences (during lower low formations of Nifty), which could be encouraging signal for bulls for near term

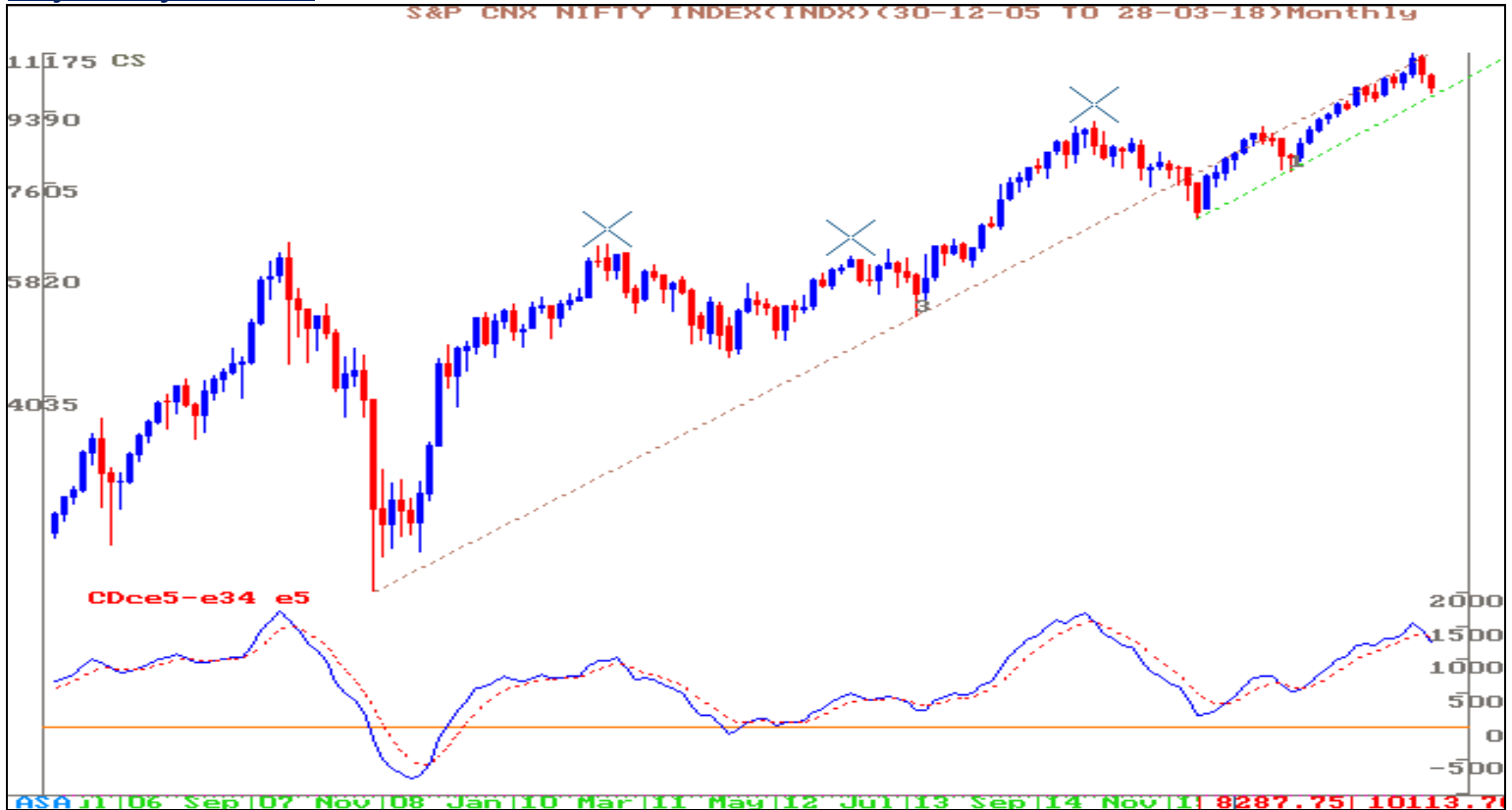
Nifty weekly timeframe:



Observation:

- Weekly Timeframe: After showing a sharp weakness in the last week, Nifty witnessed a promising upside bounce during this week, and closed the week higher by 1.16%, as per w-o-w basis
- A long bull candle has been formed this week, which is signaling a comeback of bulls from the lows. The weakness of later part of this week has not damaged the optimism created by bulls during early this week
- After showing a sharp downside breakout of significant value area of 10,150 levels (orange horizontal line) in last week, Nifty has failed to show follow-through weakness during this week, and sustained the upside bounce.
- Nifty closed the week at the edge of that value area resistance (orange line, at 10,150), as per the concept of change in polarity
- Hence, the formation of bullish candle this week (post sharp downside breakout of last week), is signaling an emergence of strength of bulls from the lows. This pattern is signaling that the Nifty could eventually move above the present hurdle (10,150 levels) in the next 1-2 weeks
- On the occurrence of such event, the recent downside breakout of the support could be considered as a false down breakout and that could possibly have further positive impact in Nifty ahead
- Weekly 14 period RSI has turned up from near the low of 40 levels. Weekly RSI is moving in a bullish high low range (75-80 levels on the upper side, and 40 on the lower side) in the last many months
- Its present turning up from near lower 40 levels could mean, more upside potential for the oscillator (which could in turn means upside possibility for the Nifty)

Nifty monthly timeframe:



Observation:

- Nifty witnessed a sharp follow-through weakness during this month and closed the month lower by ~379 points, as per month-on-month basis
- A long negative candle has been formed this month, which is back to back negative candle formation in the last couple of months. This is signaling a sharp downward reversal of the intermediate uptrend of Nifty
- The larger swing of Nifty is down and present weakness could be in line with the formation of a new higher bottom of the sequence (as per the concept of higher tops and bottoms, as per monthly chart)
- But, the formation of higher bottom is not confirmed, as there is no indication of halting of present weakness, as per larger timeframe like monthly. Hence, the intra-month upside bounce could confirm on the reversal of smaller timeframe
- The study of previous important top reversal patterns of Nifty, as per monthly timeframe is showing extended declines, post top reversals (marked in X). During most occasions, the Nifty has witnessed sustained declines, as per the negative sequence of lower tops and bottoms
- Therefore, any upside bounce in Nifty for next month, could eventually form a new lower top, as per monthly timeframe chart. This expected formation could mean, a possibility of sharp upside bounce, as per smaller timeframe like daily or weekly
- Nifty is now nearing an important support of up trend line ~ 9850-9950 levels (green dashed up trend line, connected from the bottom of 6825-Feb 16). There is a possibility of intra-month upside bounce in Nifty from near the said supports
- Monthly 5 period MACD indicator is currently showing a negative crossover signal, from near its overbought region. This pattern of MACD is reflecting a formation of an important top reversal in the underlying Nifty

Nifty quarterly timeframe:



Observation:

- The study of extreme larger timeframe chart of Nifty (quarterly timeframe) is showing a completion of sharp up trended move of the last four quarters
- A small negative candle has been formed, with long upper shadow, which is indicating a formation of negative pattern (upside reversal pattern at the highs) for the quarter of Jan to March 18
- Previously, we observe that a formation of important top reversals as per quarterly timeframe, have witnessed sustained weakness in the next few quarters (marked in X). We observe a sequence of 4 quarter declines
- **Having reversed sharply from the highs during this quarter (Jan-March 18), post sharp rise of the last four quarters, one may expect this weakness to continue for the next few quarters (as it happened previously)**
- On the occurrence of such events, we are likely to see a gradual weakness for the next three quarters (~7-9 months) and the ultimate bottom to be watched is ~9000 – 8900 levels (orange dashed line-quarterly support)

Month gone by – Nifty daily timeframe:



- Nifty started the month of March with the weakness (green dashed vertical line), after a decent upside bounce from the lows
- Sharp weakness was followed during early part of the month, and another upside bounce witnessed from near the lows of 10,140 levels on 7th March
- The negative sequence of lower tops and bottoms have been formed. Nifty formed a lower top at 10,478 -13th March, and slipped into sharp weakness during mid-part of the month
- A new swing low has been formed during mid to later part at 9951 (23rd March), and Nifty showed upside bounce again towards the end of month
- So, the overall month of March 2018 was a sharp down trending month, as per lower lows and highs, and minor upside recovery was seen towards the end of month

Technical forecasting for coming months

- The detailed study of Nifty as per smaller timeframe like daily to a larger timeframe like quarterly, is showing a broader down trended move, with a formation of important top reversal at the all-time high of 11,171 - 29th Jan 18
- The chart pattern of larger timeframe (monthly and quarterly) are signaling a multi-month declines in Nifty, as per the larger negative sequence of lower tops and bottoms
- **Having declined sharply from the all-time highs to the swing low of 9951 levels in the last two months, a decent upside bounce is expected, which could possibly take Nifty towards the high of 10,450 - 10,500 levels, in the month of April or by May 18**
- The expected upside bounce could eventually form a new lower top, and we are likely to see a resumption of sharp declines again from the highs, after the completion of lower top
- **The ultimate downside target for Nifty could be ~9000 - 8900 levels, which is expected to take 7-9 months from here to form, and that could eventually be an opportunity for bottom fishing in the market**

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