

Technical Outlook: Nifty



Benchmark index on 5th April opened near its previous day's high but couldn't hold on to its opening gain and traded in a red for the majority of the day and close below 18000 levels. The Bank Nifty was the main culprit for the today's session where prices witnessed a throwback and drift more than one and half percent lower.

Index after two back to back strong positive closing stayed flat but continued to trade above its continuation gap created on 4th April near 17700 levels. The gap between the prices and the short term exponential moving average has increased which indicates a possible opportunity of the throwback in the coming trading sessions.

The momentum oscillator RSI (14) has reached near 70 levels and has formed a double top formation on the daily chart. If indicator crosses above 70 levels than double top formation will be failed and prices may rise further.

As the index has given a breakout on the daily time frame but prices are near to overbought zone on the smaller time frame so a profit booking at current levels cannot be ruled out. The support for the index is placed at 17700 levels and the resistance is capped near 18150 levels.

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