



Technical Outlook: Nifty

Index gave a smart recovery after yesterday's sell off on the back of positive global cues. Nifty opened with a gap-up of almost 150 points and remained sideways for the entire day's trading session due to weekly expiry. It will be imperative to watch the outcome for the RBI policy meet on Friday following which traders/investors can initiate new positions.

Sector wise, Auto and realty were outperformers on the back of strong quarterly updates and expectation of strong festive season demand. Though today index formed a doji candle which indicates that buyers and sellers both are indecisive of the next move. Active selling pressure is visible near 17850-17900 levels which will continue to act as resistance in coming days and 17600-17640 will act as support where buyers find more traction at these levels.

On the indicator front, RSI has cooled off from higher levels and is showing a reading of 63 and ADX also has flattened indicating the strength of the trend has weakened since last few trading sessions. The advance to decline ratio is 2:1 in favor of bulls where 33 stocks are on advancing side and 17 stocks are on declining side. India VIX is at 16.26 and is below its 200 daily EMA indicating that volatility can increase if it closes above 18.

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