

Technical Outlook: Nifty



Benchmark index on 12th Jan witness a gap up opening and continued to trade higher without filling its opening gap on the daily time frame. Giving a return of almost three percent in the last five trading sessions indicates a strong upward trending market.

On the daily chart, prices have given a falling wedge pattern breakout on 3rd Jan 2022 and have given a return of 3.50 percent to date without a meaningful correction. Meanwhile on the broader time frame (weekly) prices have given a bullish flag pattern breakout and prices are inching near their previous lifetime high levels which are placed at 18600 levels.

The structure of the index is in favor of bulls. Market breadth has remained at 2:1 with 35 stocks on the advancing side and 15 stocks on the declining side. The prices on the daily chart are trading in a higher top higher bottom formation.

Nifty50 is most likely to cap near its previous resistance zone which is placed at 18600 and if the index manages to cross above the said level then 19000 will be on the cards soon. The immediate support for the index is placed near 17900 levels.

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