

Technical Outlook: Nifty



Finally benchmark index witnessed a strong reversal on 17th May and rallied above two percent and closed above its important resistance levels which are placed at 16200 levels.

In the second half of the trading session Nifty increased its gain and majority of the oversold stocks pushed its pedal and traded higher with above average momentum. As mentioned in the previous update the distance between the 21 DEMA and prices have increased significantly so prices will make attempt to reduce the gap.

Bank Nifty on the other hand to has traded higher with a equal momentum and closed above its previous days high. A positive closing immediately after the bullish harami candle stick pattern indicates the validity of the pattern.

The overall trend for the Nifty remains bearish as prices are trading well below its 21 & 50 – day exponential moving averages on the daily chart. Momentum oscillator RSI (14) has shown a strong reversal from oversold levels but still settled below 50 levels on the daily time frame.

After a strong oversold bounce back we are expecting prices to trade within a limited range in the coming trading sessions. The immediate support for the Nifty is placed near 15950 - 15900 levels and the upper band of the index is capped at 16500 levels if the index is closed above the said levels then the gate for the prices is open till 16650 levels.

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