

Technical Outlook: Nifty



After four days of holiday Nifty50 opened with a massive 200 points gap and traded in a negative shade for the whole day and closed below 17200 levels with a loss of more than one and half percent on the daily chart.

The prices closed below its (21, 50 & 100 - day) exponential moving average after a time span of almost one month and it is a negative sign for the index. India VIX closed above 19 levels and gain more than 8 percent on the daily chart indicates a rise in the volatility.

The Bank Nifty also witnessed a gap down opening and created a top island reversal pattern and was not able to fill its opening gap on the daily interval. While analyzing the indicators and oscillators, majority of them are showing a bearish trend on the both the indices on the daily time frame.

Benchmark indices never really recovered during the day from the twin blow of the IT Index and the Bank Nifty with rising oil prices and inflationary pressures adding to the woes. The immediate support for the nifty is placed at 17000 levels and below that 16800 will be the level to watch out for. The upper band is capped near the daily gap for the time being which is placed at 17400 levels.

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