

**Technical Outlook: Nifty**



Benchmark index witnessed a strong oversold rally of more than two and half percent on 17<sup>th</sup> May and has formed an intermediate bottom at 15800 levels for the time being.

On the immediate next day after the rally prices consolidated and traded in a very narrow range without giving any specific direction bias.

Nifty has formed a double bottom pattern on the daily chart and momentum oscillator RSI (14) has shown a positive divergence at oversold levels. In this case indicator made a new low but prices has defended its previous low.

The overall structure for the Nifty still remains bearish as prices are well sustained below its (21, 50, &100) – day exponential moving averages. A single day rise cannot be considered as a trend change in the index, has prices have to close above some of its hurdles for a actual trend reversal alert.

The immediate support for the Nifty is placed near 16000 and below that 15800 will act as a major support for the Nifty. The immediate resistance for the Nifty is placed at 16550 levels where 21- day exponential moving average is settled.

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