

Technical Outlook: Nifty



Two back-to-back red candles on the daily chart of the benchmark index indicate a heavy profit booking scenario after a rally of almost 2000 points in the index.

Nifty50 has formed a bearish engulfing candlestick pattern on 18th Jan and has also given a pattern confirmation by closing below the low of the bearish candle on its next immediate trading session which is 19th Jan 2022.

In the last couple of trading sessions, both FII and DII are the net sellers in the market indicating a bear grip in further trading sessions. The index has also formed a bearish alternate shark harmonic pattern on the daily chart and prices have closed below its PRZ (potential reversal zone) levels.

A momentum oscillator RSI & indicator Stochastic has reversed from overbought territory, which suggests bearish to sideways sentiments for the coming days. The indicators on the intraday chart are currently oversold and a sharp bounce back for a limited period cannot be ruled out.

Presently the support for the benchmark index is 17800 and 17600 which is supported with 21 & 50-day exponential moving averages and the resistance for the index is capped at 18300 levels.

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