

Technical Outlook: Nifty



A single day pullback seems to be over and Nifty continued its bearish trend and ended with a massive loss of 430 points which is more than 2.5 percent fall in a single day. The overall global market seems to be in strong bear market hold where all the major indices traded and closed in red with above average fall.

The strength of the pullback was not strong enough and prices have reversed before coming close to its 21 day exponential moving average which is placed at 16475 levels.

The double bottom pattern formed on Nifty is still valid and a closing below 15600 will whipsaw the bullish pattern. The lower high lower low formation is still valid on the daily chart and it is a bearish structure for the index.

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 an actual trend reversal alert.

The immediate support for the Nifty is placed near 15650 and below that 15400 will act as a major support for the Nifty. The immediate resistance for the Nifty is placed at 16400 - 16475 levels where 21- day exponential moving average is settled.

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