



Technical Outlook: Nifty

Nifty50 on the 18th of Aug witnessed a fifty point's gap up opening and registered its new lifetime high of 16701.85 in the initial trading hours. Later on, the Indian benchmark index erased all the gains to turn negative in the late afternoon session.

Nifty has formed a bearish cloud cover candlestick pattern on the daily interval at all-time high levels. In the bearish cloud cover pattern prices generally open in positive terrain and then fail to sustain their positive opening and fall from the day's high levels and retraced more than 70 percent to its previous day's green candle.

Market breadth is turning in the favor of the bears from the last few trading session and we are not witnessing any aggressive participation from FII & DII. Momentum oscillator RSI (14) on the daily chart has reached near its overbought zone and currently reading at 73.89 levels.

The distance between the price and a 21- day exponential moving average is expanding significantly which indicates prices can retrace towards their previous support levels. The immediate support for the Nifty is placed near 16400 levels and the resistance is pegged near 16700 – 16750 levels.

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