



Technical Outlook: Nifty

In the previous week, Nifty50 witnessed a three-gap-up opening in three consecutive trading sessions and formed a continuation gap on the daily chart. Benchmark index on the 19th of Oct engulfed its previous day's candle and formed an immediate top at 18600 levels.

On 20th Oct, the benchmark index witnessed a flat opening and later on got hammered on the lower side with intense selling. Overall it was a bear-favored day where the index filed its continuation gap created on 18th Oct and close below 18300 levels.

The advance to decline ratio is 1:4 in favor of bears where 11 stocks are on the advancing side and 39 stocks are on the declining side. India VIX is at 18.31 and is above its 200 daily EMA which means that the volatility is set to increase and traders/investors should not go aggressively long.

Max Put OI: 18000 & 18100 strike (fresh addition 13233 contract & 14544 Contracts). Max Call OI: 18500 & 18600 strike (fresh addition 57081 contracts & 37821 contracts).

As the prices are approaching near its trend line support it is advisable to wait for the prices to dip towards 18100 – 18000 to initiate a fresh long position for an appropriate risk-reward ratio. The resistance is pegged near 18500 levels if the price successfully breaks the above level then a new high will be on the cards for the Benchmark index.

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