



Technical Outlook: Nifty

Today Nifty started off with a gap-up opening as indicated by SGX nifty but did not sustain and soon gave up all the gains in the very first hour of trading session. The index was trading in a broad range of 16400-16600. There were no sharp recoveries seen owing to weakness persisting in banking index. Lackluster buying was witnessed throughout the day, though the index closed above its previous day's close.

Looking at the daily charts, important supports are placed at 16380-16400 levels and resistance is pegged near 16595-16620 levels. One thing to notice is that nifty did not close above 16500 which means now sellers will be more active at higher levels. Owing to monthly expiry, Call writers will be active at higher strikes.

On indicator front, daily RSI showed a reading of 66.65 cooling from higher levels and there was no major change in ADX reading too indicating that the strength of trend remains intact. On spot basis, the index is well above its 21 Days EMA which is placed at 16254. This will hold key in upcoming trading sessions.

The index market breadth was in favour of bears where 27 stocks were on declining side, 22 on advancing side and one remaining unchanged. This has been the trend since last few trading sessions. India VIX closed just below is 50 Day EMA at 13.69. A close above 14 will mean that Volatility is set to increase.

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