



Technical Outlook: Nifty

The index started off with gap-up opening as indicated by SGX nifty and was able to sustain the gains throughout the day's trading session owing to smart recovery in banking index. Nifty traded in a broad range of 16500-16650 and closed at 16624 near its day high level.

On the indicator front, RSI (14) on daily timeframe showed a reading of 70.72, again starting to test overbought levels and ADX too showed a reading of 23.34, improved on day to day basis. Till the reading does not come below 17, the strength of the trend will remain intact. On the daily timeframe, index was able to get support from its 7 day EMA which was placed at 16508.

More importantly it has respected the levels as discussed in our yesterday's DMS report where 16620 was the resistance pegged. Based on today's closing, 16695-16720 will be the next key resistance.

Maximum Call Open interest is seen at 16800 strikes which will be crucial level for this expiry. On the downside, massive OI addition was visible at 16500/16600 strikes.

The market breadth changed its trend which was seen in the last few trading session. Ratio turned in the favour of bulls where 35 stocks were in advancing side & 15 on declining side. India VIX closed at 13.18, near its 21 day EMA. A close above 14 will mean that volatility is set to increase.

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