



Technical Outlook: Nifty

Benchmark index witnessed a 40 points gap up opening on the 25th of Aug and find a strong resistance near 16700 levels and traded in a very narrow range of almost 50 points and concluded it as a sideways trading session. Nifty has also whipsaw its bearish dark cloud cover pattern which was formed on 18th Aug, which indicates bull are having upper hand in the current scenario.

While looking at the daily chart the size of the candles from the last couple of days is shrinking it indicates a sideways consolidation phase for the Nifty50. The index is closely trading above its 21-day exponential moving average on the daily interval. Maximum Call Open interest is seen at 16800 strikes which will be a crucial level for this expiry. On the downside, massive OI addition was visible at 15500-16600 strikes.

From the last couple of trading session's market breadth is in the favor of the bulls. In terms of ratio on every two positive closings, there is one negative closing that indicates a 2:1 ratio. We have also spotted a bullish hidden divergence in the RSI (14) where prices did not register a new intermediate low but RSI formed a new low near 65 levels on the daily interval.

The immediate support for the Nifty is placed near 16400 levels and resistance is pegged near 16900 levels.

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