

Technical Outlook: Nifty



Benchmark indices made a smart recovery and ended at 17,267 and 57,858 respectively. Except IT, all other sectoral indices ended in the green with P.S.U bank, power, auto and bank rose 2-4 percent. BSE midcap and small-cap indices gained 0.8-1 percent. Initially, index remained volatile however healthy buying in select index majors from banking, auto and telecom space helped the index to gradually inch higher as the day progressed.

On daily charts, supports are placed near 17,000 & 16,800 zones whereas on the upside resistance is near 17,423 being 38.2% retracement of the current trend. If we break 16,800 on a closing basis, the markets can fall further to 16,630-16,580. Currently index is trading below 21 and 50 Day EMA which is placed at 17,686 & 17,590 respectively which will be key levels in upcoming trading sessions.

On the indicator front, MACD is showing signs of weakness and is marginally above the center line. RSI moved up and is mimicking the price action showing a reading of 40 which is still a negative indication. ADX which shows the strength of the trend is showing a reading of 23.75 with negative DMI moving up indicating that the momentum is still on the downside.

The market breadth was at 2:1 in favor of bulls with 36 stocks on advancing side and 14 stocks on declining side. India VIX moved to 21.36 indicating that fear in the market went down marginally on day to day basis.

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Disclosure:

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