

Technical Outlook: Nifty



Nifty50 on 26th May, on the monthly expiry day traded and behave like a pendulum where prices initially drift lower and tested the lower levels at 15900 levels and then suddenly a U turn spike and market started to trade higher and close finally above 16150 levels with a gain of one percent.

Index has shown a strong reversal from the lower levels and hence the daily candle has made a long trailing tail and has formed a hammer candle stick pattern. A single day spike cannot be considered a trend change for the index as prices are still trading within the flag consolidation pattern.

The momentum oscillator RSI (14) has shown a rebound from the oversold zone but the prices are trading within the hurdles henceforth the oscillator is finding resistance at every small rise. The Bank Nifty on the other hand outperformed the benchmark index and has given a consolidation breakout and closed above 35000 with a gain of more than two percent.

The structure for the Nifty remains bearish as prices are well sustained below its (21, 50, &100) – day exponential moving averages. The next fresh round of selling will come below 15800 levels and the breakout above 16300 – 16350 levels will initiate a trend change in the index. Till then prices will continue to trade within this narrow range and will initiate a false breakout or breakdown in stocks.

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