

Technical Outlook: Nifty



Nifty opened gap down following weak global cues and headed towards its previous day's low levels where it found meaningful support and started its upmove on the back of financials. However, continued pressure in the IT majors and a few other index majors capped the upside.

The prevailing earnings season and upcoming Union budget would keep the participants on their toes. The overall structure shows that the index is preparing for a short term consolidation where a base is in the making. Going forward the market may remain volatile. On the lower end support is visible at 16,840-16,800. A fall below 16,800 may trigger resumption of the corrective phase. However, if Nifty can remain in the recovery mode as long as 16,800 is held. On upper side 17,250 will act as strong hurdle rate, if this level is breached than next resistance will be around 17,480 levels post which we might see 17,650 levels.

On the indicator front, MACD is showing signs of weakness and has started to move below its centerline. RSI is showing a reading of 37 near oversold an zone which is still a negative indication. ADX which shows the strength of the trend is showing a reading of 24.98 with negative DMI dipping indicating that the momentum can remain sideways.

The market breadth was at 2:1 in favor of bears with 15 stocks on advancing side and 35 stocks on declining side. India VIX moved to 21.07 indicating that fear still persist in the markets amongst participants.

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