



Technical Outlook: Nifty

Since 3rd November 2020, Nifty50 was trading well above its 21-day exponential moving average on the daily time frame. But on 27th January 2021, the benchmark index witnessed a negative opening below its 21-day EMA following its global peers and continues to trade with hefty selling pressure throughout the day.

Since Nov 20, prices were trading within a rising channel pattern but on 27th Jan 2021 benchmark index witnessed a negative breakdown of a rising channel pattern on a daily interval. A breach of 21 days EMA along with a cluster of channel pattern breakdown indicates nifty may trade with a bearish shade in further trading sessions.

Currently, INDIA VIX is near its horizontal trend line resistance which is placed near 25.20 levels on the daily chart. If the INDIAVIX chart witnessed a breakout above its resistance levels then nifty may sail through sharp volatility with a bearish bias.

The latest round of FICCI's Economic outlook survey has stated that India's gross domestic product (GDP) is expected to contract by 8 percent in the current financial year (FY21).

Nifty50 has given a negative breakdown so every uptick in the index should be utilized for a fresh shorting opportunity. Nifty will likely face a strong resistance near 14250 levels which is capped under a 21 day EMA. Meanwhile on the lower side support can be seen at 13700 which is again under the brace of 50 days EMA.

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