



Technical Outlook: Nifty

Nifty50 on 01st Sept again witnessed a gap up opening following its prior trend and registered a lifetime high of 17225.75 levels. After hitting a lifetime high index slipped below 17200 levels and continued to trade in a bearish to sideways trend for the entire day and closed 17100 levels on the daily time frame.

The gap between the prices and the 21- day exponential moving average has extended rapidly. Previously when such a technical set was formed we have witnessed a sharp throwback towards the support zone. Momentum oscillator RSI (14) is reading above 75 levels which is an overbought zone for the oscillator on the daily time frame. Previous such technical setup was seen on January 21 and prices went throw some bearish to sideways correction.

Extension of the gap between the price and 21day EMA and an overbought RSI reading with a shrinking advance-decline ratio from the last couple of trading days indicates prices may witness some profit booking or sideways consolidation in the next few trading session.

The immediate support for the Nifty is placed at 16750 near its continuation gap and the resistance is pegged near 17250 – 17300 levels.

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