



Technical Outlook: Nifty

After one leg of lower high lower low formation benchmark index has confirmed the failure of the bearish set up on 6th Oct and formed a higher high above 11600 levels.

On 7th Oct Benchmark Index has witnessed a sharp rally on an intraday day basis after witnessing a flat to negative opening and closed the day at 11738.85 with a gain of 76.45 points forming a bullish candle which has shown a positive thrust on a daily charting hinting for strong bullish momentum ahead.

The current reversal is quick but is a very narrow rally. The majority of sectoral indices are contributing to the move and we feel IT, Pharma, and Auto could outshine others in the near future.

Due to the recent breakout in NIFTY, its key technical indicators are in favor of bulls, hence our bullish view will remain intact, but due to a stellar rally profit booking at the current stage cannot be ruled out before reaching a 12000 mark. The index is nicely poised above its 20, 50, 100 exponential moving averages (EMA) on a daily interval which is positive for the Indian bourses.

In case NIFTY violates 11,550 – 11500 levels, higher-level profit booking will take place, where the index will find support around its trend line (placed around 11,400 mark). On the higher side, the index will face a major hurdle at around 12,000 levels.

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