

# Weekly Market Outlook

May 12, 2025 thru May 16, 2025

Milan Vaishnav, CMT, MSTa



Gemstone Equity Research & Advisory Services

Institutional Research. Individual Advice

# OptionsIncomePRO



Looking to generate maximum yields on your capital without worrying about the market trend? Try **OptionsIncomePRO**! Our service specializes in writing hedged index options to help you make the most of your investments. Don't let market fluctuations hold you back - join **OptionsIncomePRO** today and start earning the returns you deserve! - [CLICK HERE TO READ MORE](#) - scan the code.



We have been providing Independent Technical Research for over two decades covering 2000+ listed equities from the Indian Stock Markets.

---

**Are you a short-term trader looking for actionable Stock Futures and Index Futures Calls?**

**Pay for ONE and Get a Subscription to ALL Services**

Stocks, NIFTY, and Banknifty...This makes our plans cheaper by an additional 45%. Further, Save 17% to 30% on top of this when you subscribe to longer tenures.

[Click here to know more and subscribe](#)

---

**Are you Active Investor looking for alpha-generating Premium Equity Portfolio Advisory for your stocks**

Premium Equity Portfolio Service - A truly customized advisory offering

Risk Optimized Top Down Approach | Works on Active Portfolio Management Theory | Aimed at generating Alpha against the benchmark for superior returns

[Click here to know more and subscribe](#)

# Week Ahead: NIFTY Stays In Technically Challenging Environment; Price Action Against These Levels Crucial

Amid ever-increasing uncertainties on the global front and similarly rising geopolitical tensions between India and Pakistan, the Indian equity markets demonstrated strong resilience. They consolidated before ending the week on just a modestly negative note. The trading range remained modest; the Nifty oscillated in a 590-point range. While the markets defended their key support levels, the volatility surged. The volatility barometer, the India Vix, spiked 18.49% to 21.63 on a weekly basis.. The headline index finally closed with a net weekly loss of 338.70 points (-1.39%).



A few important things to note from a technical perspective. The 200-DMA is at 24044; the 50-week MA is at 23983. This makes the zone of 23950-24050 a very important support zone for the Nifty. So long as the Index is able to defend this zone, it will continue consolidating in a defined range. Incremental weakness would creep in only if the 23900 level is violated decisively. On the higher side, as evident from the charts, the markets have continued to resist the rising trendline resistance. From now on, the Nift's behavior vis-à-vis the zone of 23950-24050 would be crucially important to watch; the Index's ability to defend or not defend this zone will dictate the trend over the coming weeks.

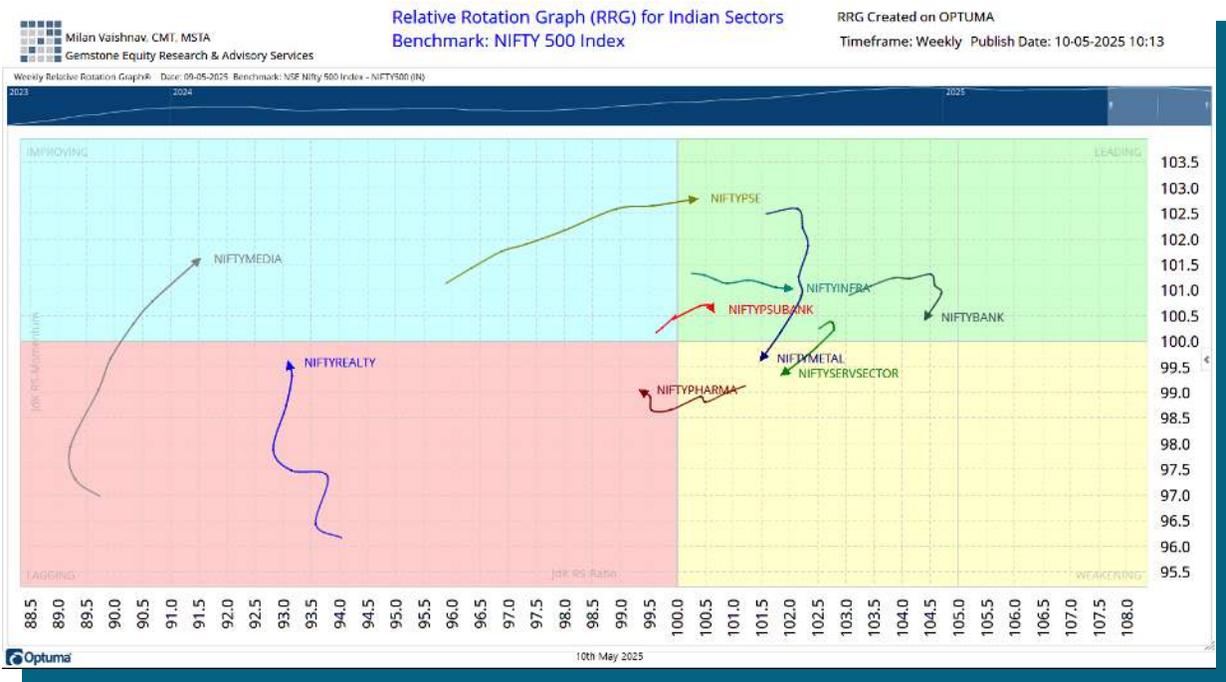
*The coming week is expected to see the levels of 24350 and 24600 acting as probable resistance points. The supports come in at 23900 and 23630 levels.*

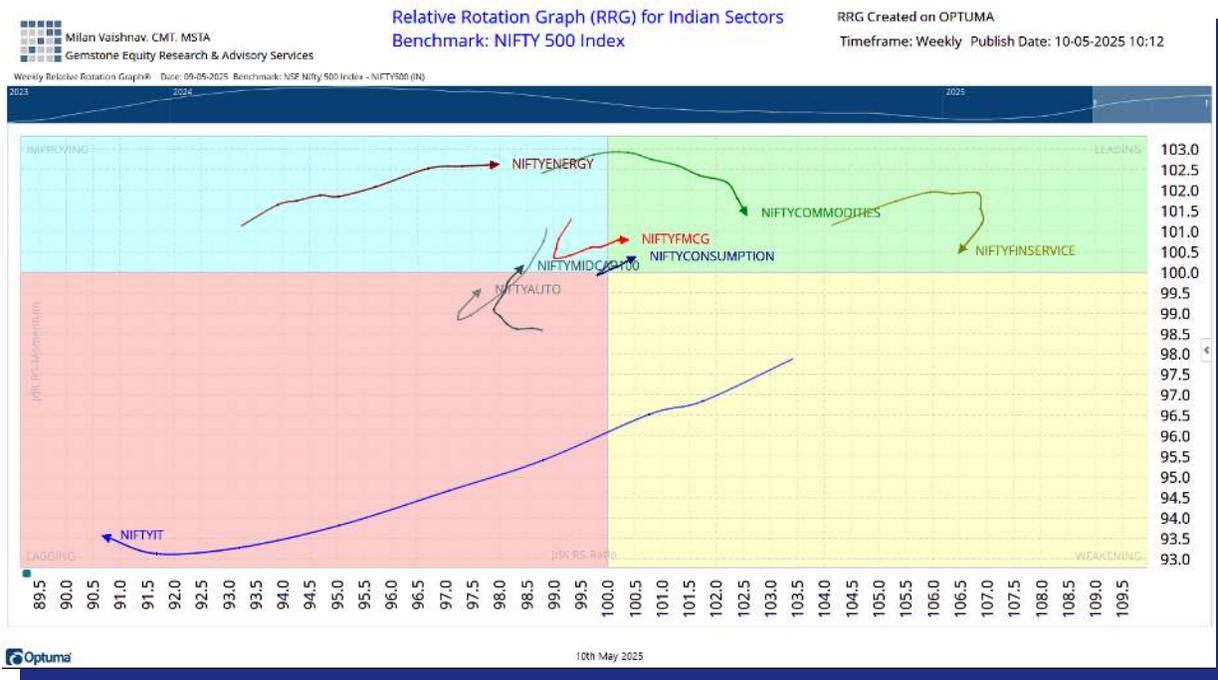
The weekly RSI is 54.36; it stays neutral and does not diverge against the price. The weekly MACD is bullish and stays above its signal line. A bearish engulfing candle has emerged. Its emergence near a pattern resistance adds credibility to the resistance placed near 24500-24600.

The pattern analysis of both daily and weekly charts shows that the Nifty has traded quite on the expected lines and the analyzed range. It has continued resisting the rising trendline resistance near 24500-24600; it has so far defended the key that is created between the 200-DMA and the 50-week MA. The markets would weaken only if they end up violating the crucial 23900 level; so long as this point stays defended, we can expect the markets to consolidate in a defined range.

Based on the overall technical structure, it is likely that the markets will not see any immediate upward trend. While if the markets end up breaching the 23900 level remains to be seen, it is doubtful that they will initiate any sustainable trending upmove and move past the 24500 levels soon. The hedging activity and the cost of hedging have increased; this is evident from Vix, which has significantly risen over the past few days. While the Nifty has defended the key support levels so far, it continues to stay in a technically challenging environment. It is strongly recommended that the market participants adopt a defensive approach by focusing on the low beta stocks and the stocks with improving relative strength. Staying low on leveraged positions, a continued cautious outlook is advised for the coming week.

*In our look at Relative Rotation Graphs®, we compared various sectors against CNX500 (NIFTY 500 Index), which represents over 95% of the free float market cap of all the stocks listed*





Relative Rotation Graphs (RRG) show that the Nifty PSE Index has rolled inside the leading quadrant. Infrastructure, Nifty Bank, PSU Bank, FMCG, Consumption, Commodities, and the Financial Services Indices are also inside the leading quadrant. These groups are likely to outperform the broader Nifty 500 Index relatively.

The Nifty Metal Index has rolled inside the weakening quadrant. This may cause the sector to slow down and give up on its relative performance. The Services Sector index also remains in this quadrant.

While the Nifty IT Index continues to languish in the lagging quadrant, the Auto and the Realty Indices are sharply improving their relative momentum against the broader markets while staying inside this quadrant.

The Nifty Midcap 100 index has rolled inside the improving quadrant; may see its relative performance bettering over the coming days. The Media and the Energy Indices are also inside this quadrant, and may continue seeing improvement in their relative performance against the broader markets.

**Important Note:** RRG™ charts show the relative strength and momentum of a group of stocks. In the above Chart, they show relative performance against NIFTY500 Index (Broader Markets) and should not be used directly as buy or sell signals.

## Milan Vaishnav, CMT, MSTA

Consulting Technical Analyst | Member: (CMT Association, USA | CSTA, Canada | STA, UK) | (Research Analyst, SEBI Reg. No. INH000003341)

