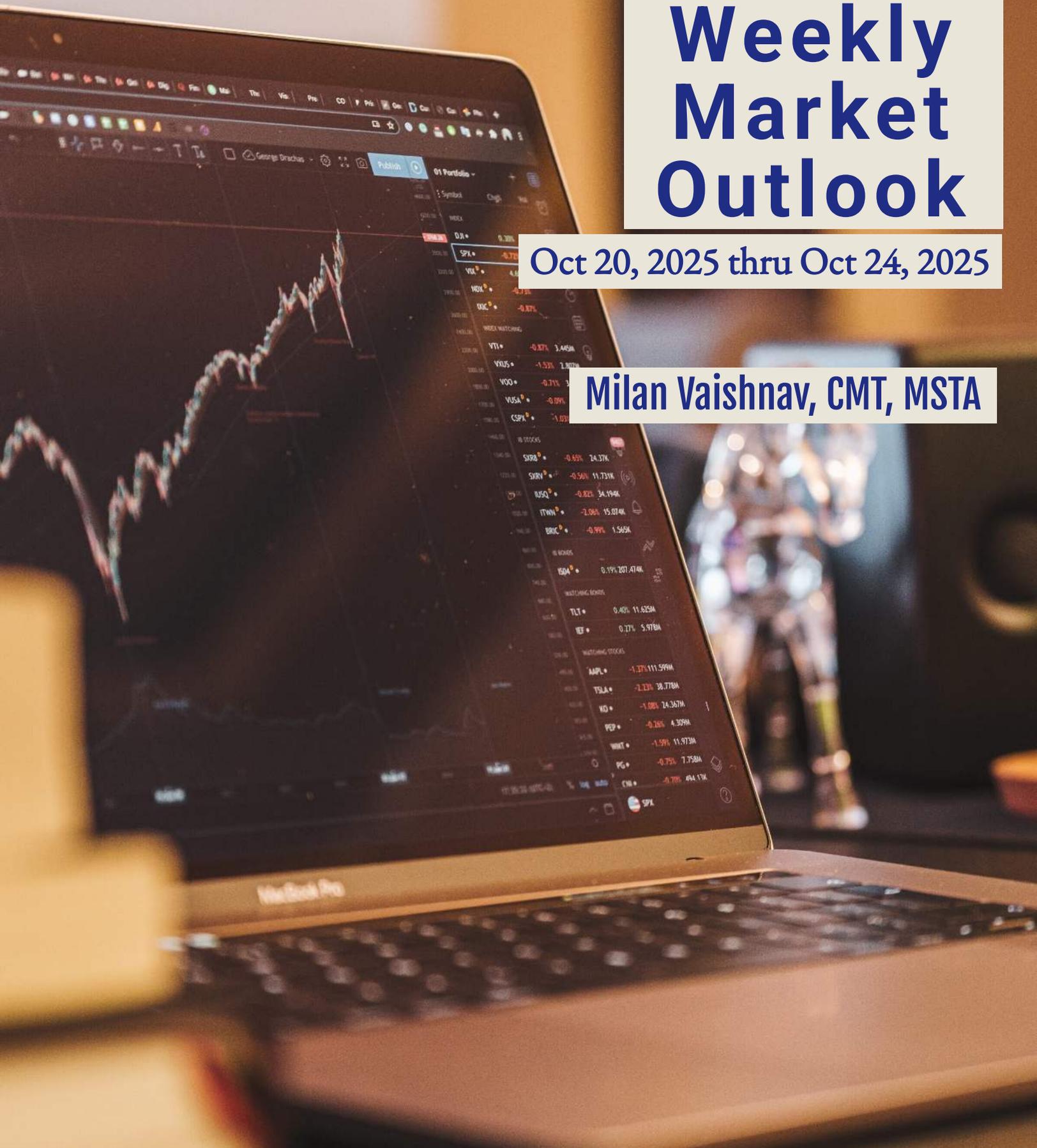


Weekly Market Outlook

Oct 20, 2025 thru Oct 24, 2025

Milan Vaishnav, CMT, MSTA



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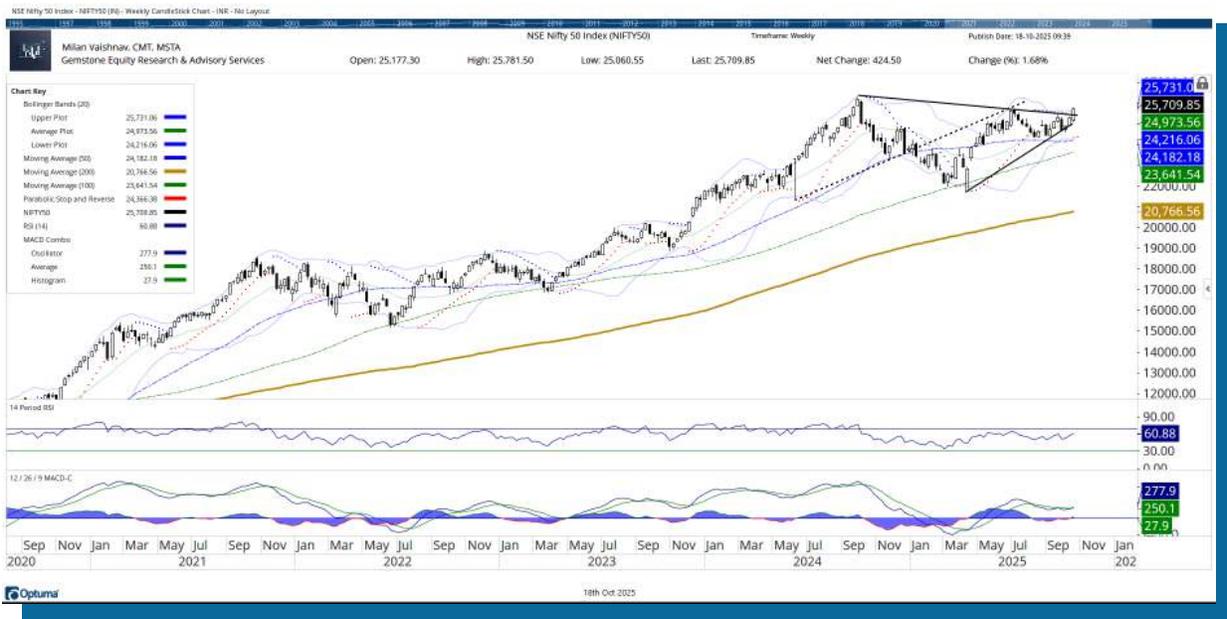


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Week Ahead: Nifty Breaks Symmetry, But Breadth and VIX Signal Caution

The markets traded with a clear upward bias through the previous week and ended on a strong positive note. Nifty continued to march higher while posting gains for the third consecutive week. It oscillated in a wider intra-week range of 720.95 points as it traded between 25,060.55 and 25,781.50. However, even as the headline index gained ground, the market breadth remained relatively weak throughout the week—a key concern amid the rise. Meanwhile, India VIX spiked by 15.07% to 11.62, signalling a rise in near-term volatility expectations. Nifty ended the week with a net weekly gain of 424.50 points (+1.68%).



The key highlight of the week was Nifty's breakout above the symmetrical triangle pattern it had been coiling within for several months. This breakout came with a close near the upper Bollinger Band and has pulled the support levels significantly higher to the 25,300–25,400 zone. However, the rally has come on the back of weak market breadth, raising questions about the participation and sustainability of the move. Additionally, the sharp spike in India VIX further injects an element of caution as it reflects rising hedging activity. While the price structure has turned bullish post-breakout, the lack of strong internals and surge in volatility suggest the rally could be vulnerable if not supported by broader market strength.

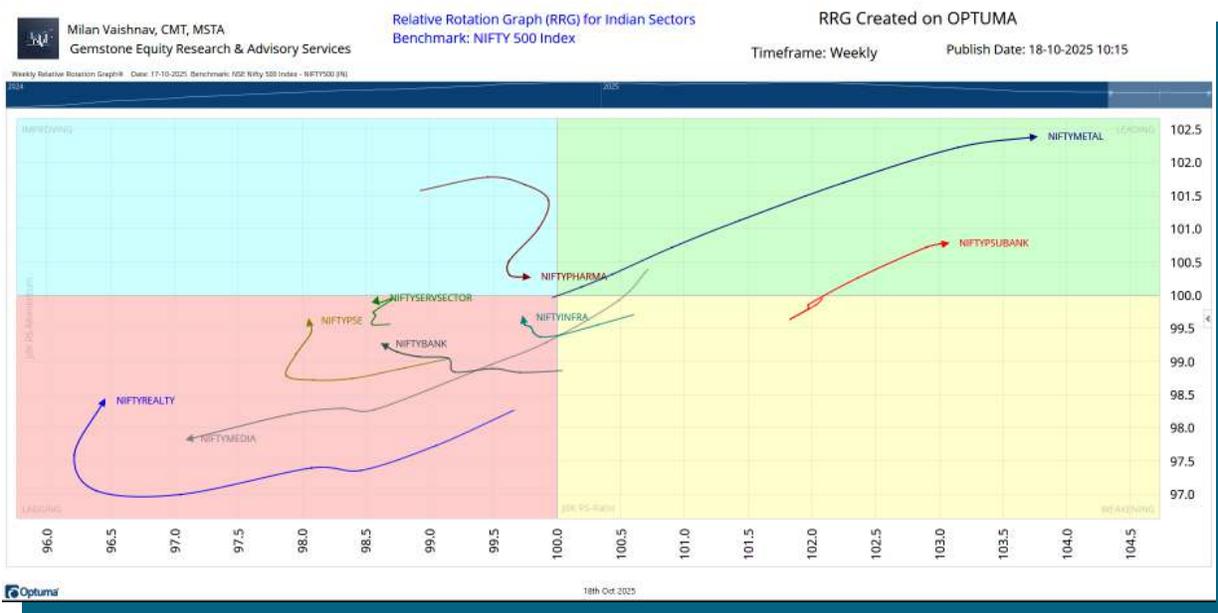
Given the technical breakout, the markets may look to start the coming week on a stable to positive note. However, traders must remain mindful of the week being a shortened one. Tuesday's session will be limited to an hour-long Mahurat Trading in the evening, and Wednesday is a market holiday. For the week ahead, immediate resistance is expected around the 25,850 and 26,000 levels. Supports have now shifted higher and rest at 25,520 and 25,400 zones following the breakout.

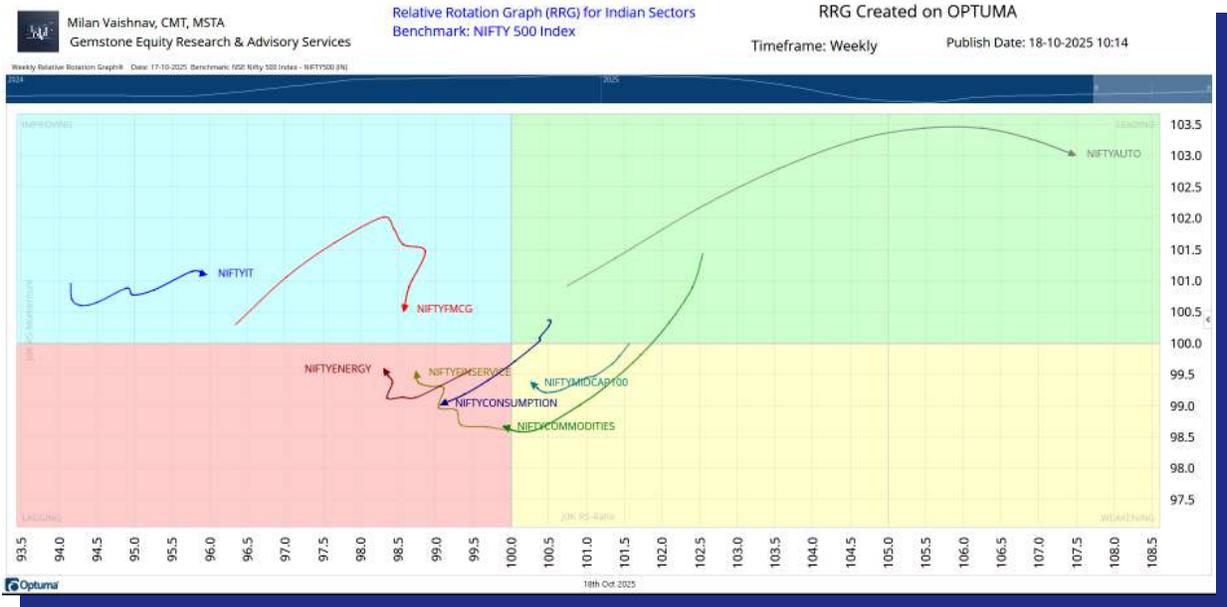
The weekly RSI stands at 60.88. It has formed a 14-period high, but remains neutral and does not show any divergence against the price. The MACD on the weekly chart is bullish as it trades above its signal line. A bullish candle has formed near the breakout point, confirming the move out of the symmetrical triangle and validating the strength of the breakout for now.

From a pattern analysis standpoint, Nifty has resolved a multi-month symmetrical triangle to the upside. This breakout, occurring above a strong confluence zone, lends strength to the medium-term setup. The Index is trading well above all its key moving averages – the 20-week, 50-week, 100-week, and 200-week – which further underpins the bullish structure. The breakout also opens up the possibility of a trending move higher, provided the broader participation improves.

In the coming week, a cautiously optimistic approach is advised. While the technical breakout gives the bulls an edge, the rising volatility and poor market breadth call for a disciplined strategy. It is essential to protect gains at higher levels while selectively participating in strength. Traders should avoid aggressive fresh buying and instead adopt a stock-specific approach with a strong focus on risk management. The method to approach the week: stay moderately bullish but tactically cautious.

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 Auto, Metal, and PSU Bank Indices are the only groups that are inside the leading quadrant. These groups are likely to continue to relatively outperform the broader Nifty 500 Index.

The Nifty Midcap 100 Index stays inside the weakening quadrant. This may see relative performance from the broader markets slowing down a bit.

The Nifty Commodities Index has rolled inside the lagging quadrant. The Financial Services, Consumption, Energy, Services Sector, and Media Indices languish inside the lagging quadrant. The Infrastructure, PSE, and Realty Sectors are also inside the lagging quadrant, but they are improving on their relative momentum against the broader markets.

The Nifty Pharma and FMCG Indices are inside the improving quadrant. However, they are giving up on their relative momentum and heading back towards the lagging quadrant. The IT Index is inside the improving quadrant. This group may see improved relative performance against the broader markets over the coming days.

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.

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