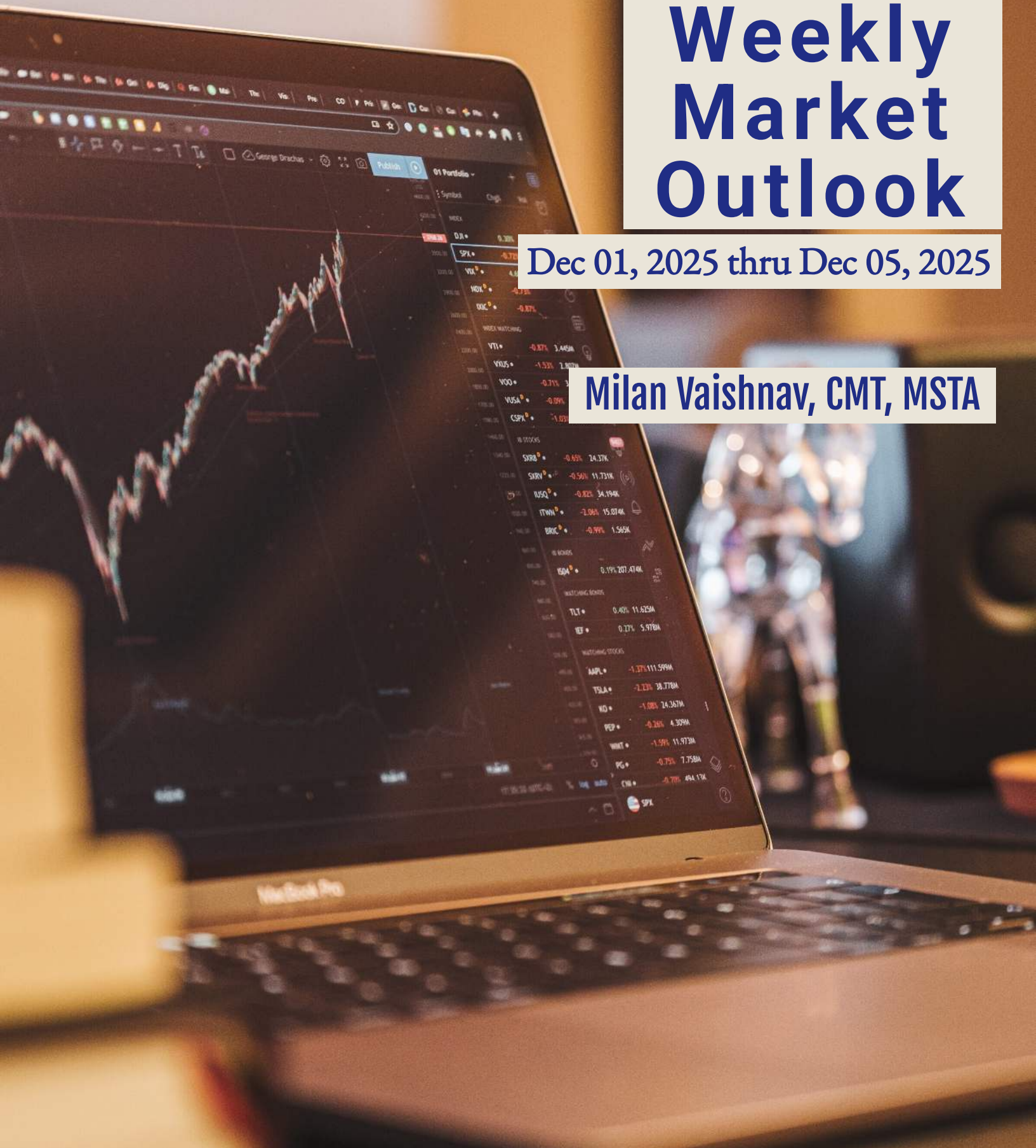


Weekly Market Outlook

Dec 01, 2025 thru Dec 05, 2025

Milan Vaishnav, CMT, MSTa



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Nifty Breaks Out, Breadth Lags: Cautious Optimism Ahead

The markets remained largely range-bound through the past week but managed to end on a positive note. Nifty oscillated within a narrow intra-week range of 467.50 points as it moved between 25,842.95 and 26,310.45 levels. While the index did mark a fresh lifetime high, the move was not backed by strong participation across broader markets. Meanwhile, India VIX declined sharply by 14.77% on a weekly basis, ending at 11.62, a level that keeps the overall volatility environment subdued. Nifty ended the week with a modest gain of 134.80 points, or 0.52%. The month also ended; Nifty gained 480.85 points on a monthly note.



The present technical setup suggests that while Nifty is in an uptrend and continues to scale new highs, the overall market environment remains somewhat narrow. This is indicated by the broader Nifty 500 Index, which still trails its all-time high by over 2.5%. Such underperformance of the broader markets highlights the lack of widespread strength and breadth. The index is attempting a breakout above a long-term trendline resistance; however, the move is yet to gain decisive confirmation. This makes the current zone of 26,200–26,300 not just a new high area, but also a zone of potential resistance and decision-making.

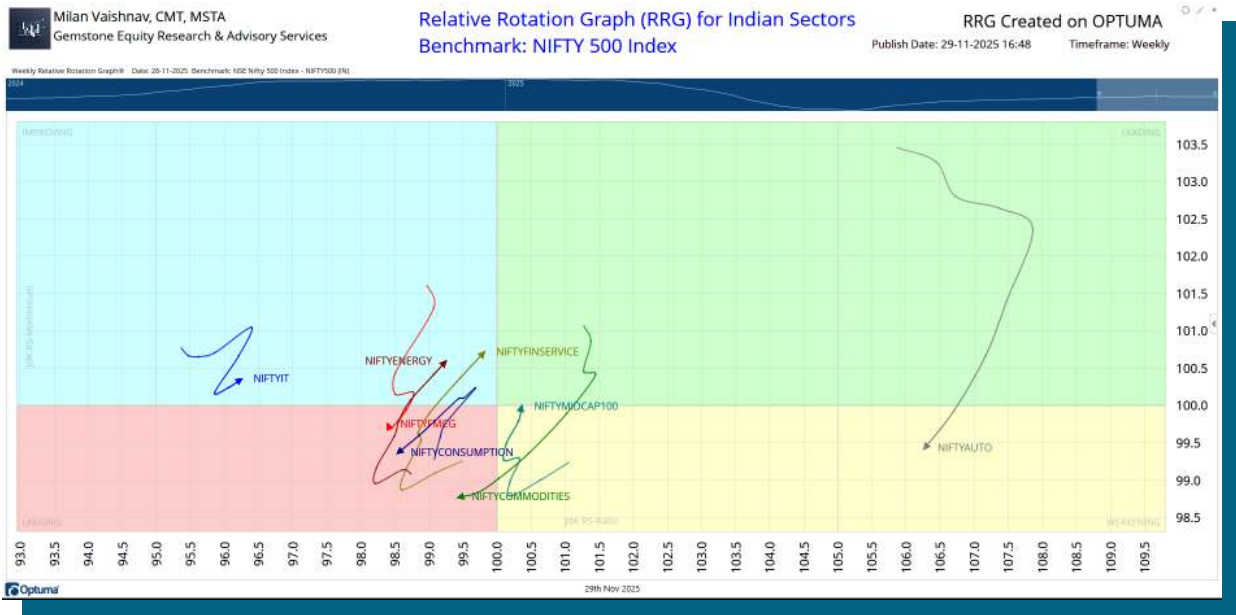
The coming week may see a stable to mildly positive start, but sustainability above 26,300 will be crucial for further upside. On the higher side, the levels of 26,310 and 26,500 will act as resistance. Supports exist at 25,950 and 25,700 levels. These levels will be key in deciding the next directional move.

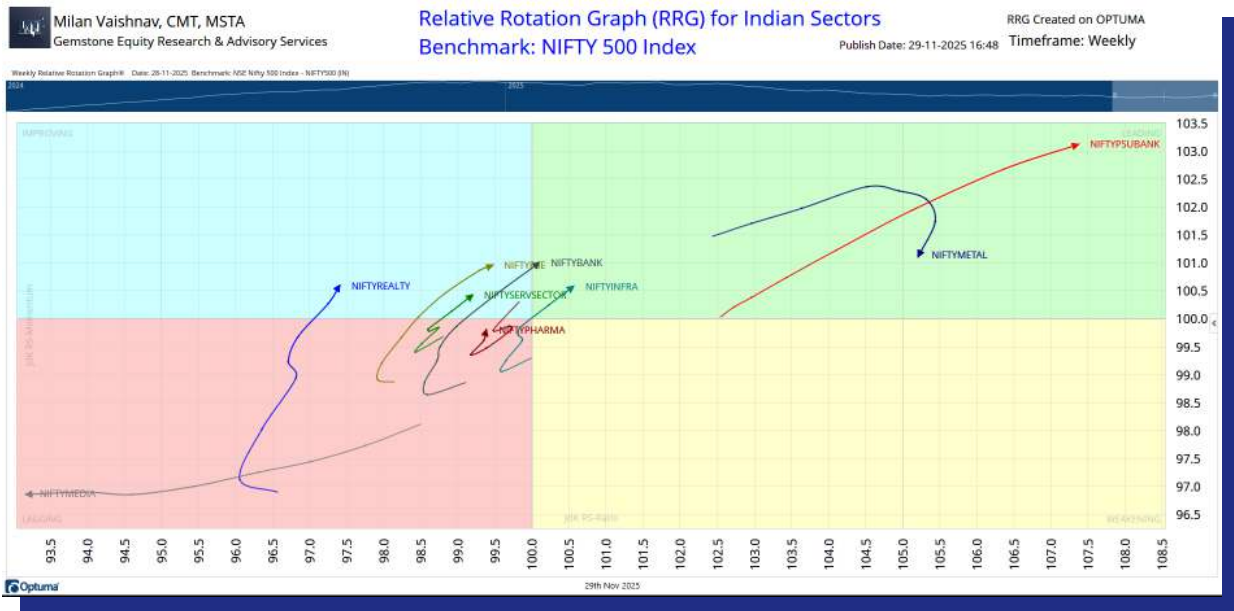
The weekly RSI stands at 64.06; it remains in bullish territory and continues to mark higher bottoms, although no bullish or bearish divergence is observed against price. The weekly MACD is bullish as it trades above its signal line. No significant candlestick pattern is observed, suggesting a continuation of the existing trend unless disrupted by external factors.

From a pattern analysis perspective, Nifty is seen testing a breakout above the upper trendline resistance of a broad consolidation zone. It has managed to close above this trendline for a fifth consecutive week, though without large momentum or volume support. The index continues to stay above all its key moving averages — the 50-, 100-, and 200-week — reinforcing the primary uptrend. The Bollinger Bands remain wide, with price hugging the upper band, indicating strength but also a potential for mean reversion if momentum wanes.

Given the prevailing conditions, market participants would be better off adopting a measured and stock-specific approach. While the index remains in a structurally strong position, lack of participation from the broader universe and weakening market breadth warrant some caution. It is advisable to trail profits on existing positions and avoid aggressive chasing of momentum until a broader confirmation is visible. The method to approach the coming week would be one of cautious optimism – participate selectively and manage risk proactively.

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 the Nifty Bank Index has rolled inside the leading quadrant. Besides this, Nifty Infrastructure, Metal and PSU Bank Index are also inside the leading quadrant. Though the Metal Index is slowing down on its relative momentum, these groups may collectively outperform the broader markets relatively.

The Nifty Midcap 100 Index is the only one present in the weakening quadrant; however, it is seen improving in its relative momentum.

The Media, Consumption, Commodities and FMCG Indices continue to languish inside the lagging quadrant. They may relatively underperform the broader markets. The Pharma Index is inside the lagging quadrant, but it is improving in its relative momentum.

The Realty, IT, PSE, Services Sector, and Energy Indices are inside the Improving quadrant. They may improve their relative performance going forward from here.

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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