

Weekly Market Outlook

Dec 08, 2025 thru Dec 12, 2025

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Nifty Stays Cautious Near Highs Amid Soft Breadth

The markets largely traded in a range-bound manner over the past week, with the Nifty ending the week on a flat to mildly negative note. Despite a key interest rate cut of 25 bps by the RBI in its monetary policy, the index remained muted on a weekly basis and showed no major directional bias. The Nifty oscillated in a narrow intra-week range of 434.8 points, moving between 25,891 and 26,325.80. Meanwhile, India VIX declined sharply by 11.21% on a weekly basis to close at 10.31, reflecting a continued phase of low volatility. For the week, the Nifty ended with a negligible loss of 16.50 points or 0.06%.



The current structure of the Nifty suggests that while the headline index remains in a primary uptrend, it is facing stiff resistance at higher levels. Price action continues to hover just above the breakout zone of a falling trendline that was breached a few weeks ago. This zone, now acting as support, is located between 25,900 and 26,000. Despite the bullish structure, the lack of participation from broader markets (Nifty 500 yet to reclaim previous highs) and weakening market breadth indicate underlying caution. A sustained move above 26,325 with breadth improvement could reinstate momentum, while a failure to hold above 25,900 may invite incremental weakness or consolidation.

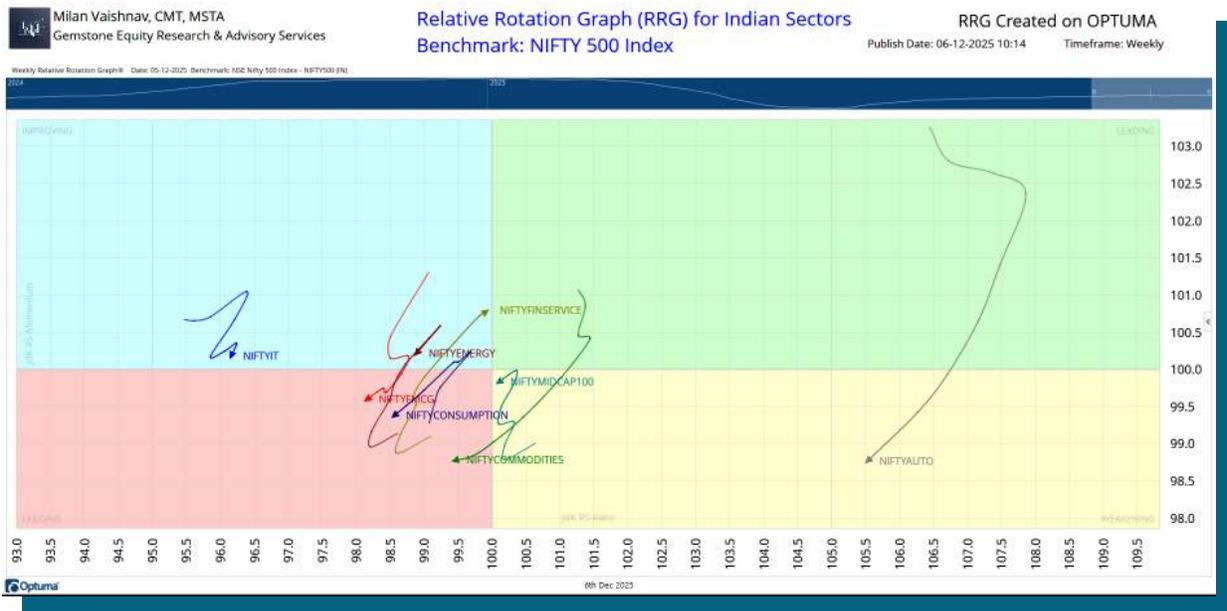
Given the flat close this week, the markets may see a quiet to modestly positive start in the coming week. Resistance is likely at 26,300 and 26,450 levels, while supports come in at 25,900 and 25,750. The global overhang from the Putin-India meeting and the delayed US-India trade deal may keep sentiment headline-sensitive.

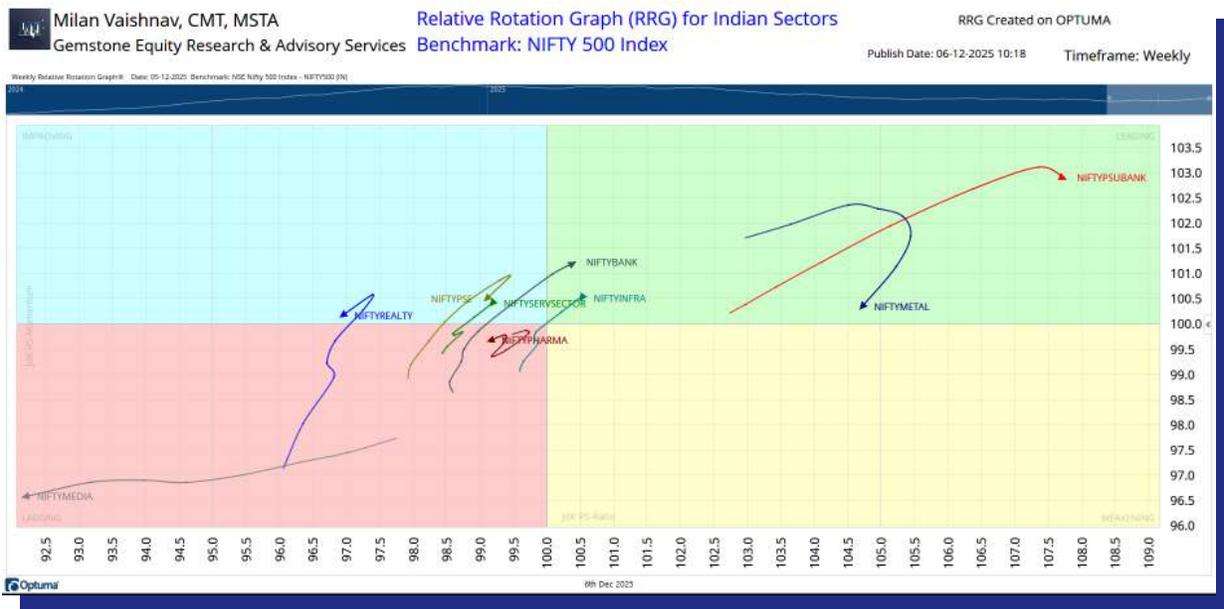
The weekly RSI stands at 63.78 and remains neutral; it shows no divergence against the price. The MACD remains in a buy mode as it trades above its signal line. On the candle front, the index has formed a small-bodied candle with a long lower shadow, resembling a hammer-like formation; this reflects buying at lower levels but indecision at the top.

From a pattern perspective, the Nifty continues to trade above the breakout zone of the falling trendline drawn from the September 2024 highs. This breakout is structurally bullish, but the index has yet to post a decisive breakout from the symmetrical triangle that has capped gains since September 2024. Price is also comfortably above key moving averages, including the 50-, 100-, and 200-week SMA, reaffirming the bullish undertone. The Bollinger Bands are expanding, but with price hugging the upper band, this also warrants caution for potential mean-reversion if upward momentum doesn't follow through.

In the coming week, market participants should adopt a selectively bullish but cautious stance. While the larger trend remains upward, it would be prudent to protect profits at higher levels. Fresh buying should be undertaken only in good-quality and technically resilient stocks. A stock-specific approach with a focus on sectors showing relative strength is advisable. The method to approach the week should be one of guarded optimism – respecting the trend, but with disciplined stop-losses and a close watch on any breakout or breakdown from the prevailing range.

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 PSU Bank, Metal, Banknifty, and Infrastructure Indices inside the leading quadrant, with the Metal Index giving up sharply on its relative momentum. However, these groups are likely to continue to outperform the broader Nifty 500 Index.

The Nifty Midcap 100 is the only Index inside the weakening quadrant; that too is seen deteriorating its relative momentum against the broader markets. This can negatively impact the overall market breadth.

The Nifty Pharma, Media, FMCG, Consumption, and Commodities Indices are also languishing in the lagging quadrant and are likely to underperform the broader markets relatively.

While the Financial Services and the Services Sector Index rotate inside the Improving quadrant, the IT, Energy, PSE, and the Realty Indices are seen paring their relative momentum when benchmarked against the broader markets while staying in the same quadrant.

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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