

Weekly Market Outlook

Dec 22, 2025 thru Dec 26, 2025

Milan Vaishnav, CMT, MSTA



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Consolidation Continues: Nifty Awaits Trigger for Directional Move

The markets consolidated through the previous week and ended on a mildly negative note. Nifty remained within a defined trading range of 25,700 to 26,100, lacking any directional breakout. The week was marked by low volatility, with the India VIX declining 5.70% to 9.52, near its multi-year lows, highlighting continued complacency in the system. On a weekly basis, the Nifty declined by 80.55 points or 0.31%, signaling a pause after a strong preceding uptrend.



The Nifty currently finds itself in a sideways consolidation, navigating within a narrow 400-point band. It continues to trade above key moving averages, but the absence of follow-through buying near the upper edge of the range suggests temporary fatigue. Importantly, the 25,700–25,850 zone has emerged as a critical near-term support, not only because it marks the lower end of the current consolidation but also because it aligns with the 50-DMA. The trend still remains broadly positive, but a sustained move above 26,100 is now essential to reignite upward momentum. A breakdown below 25,700 may trigger mild profit-taking and broaden the range lower.

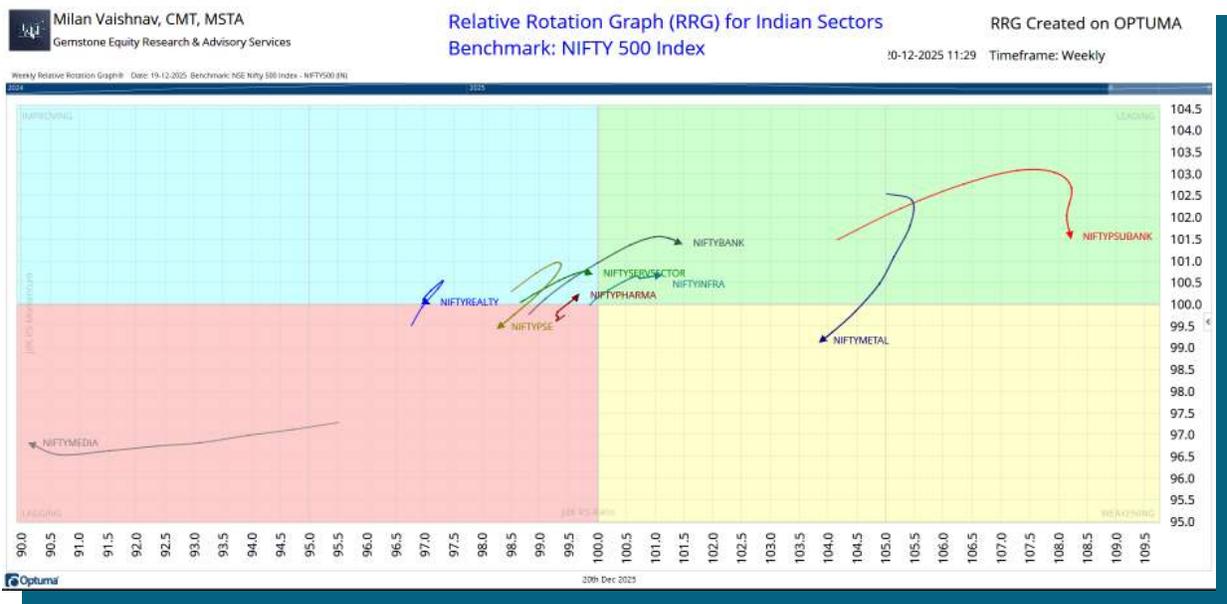
Given the lack of a decisive move in either direction, markets may see a muted start to the truncated week ahead, particularly with the Christmas holiday on Thursday, which will lead to lower participation. On the upside, resistance is expected at 26,100 and then at 26,250. Supports come in at 25,850 and 25,700, both structurally important in the current context.

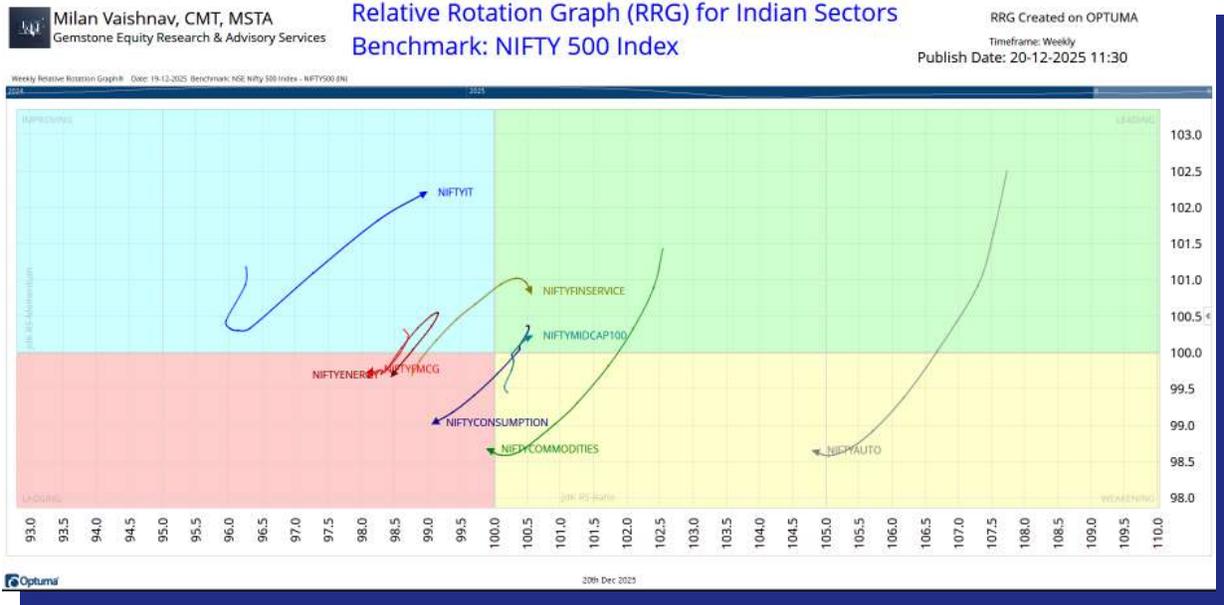
The weekly RSI stands at 59.92 and remains neutral without showing any divergence against price, suggesting ongoing range-bound behavior. The MACD remains above the signal line on the weekly chart, though the histogram is flattening, indicating a loss of momentum. No significant candlestick formation was observed during the week, highlighting indecision.

From a pattern analysis perspective, Nifty is seen consolidating just above the upper trendline of a broad symmetrical triangle it broke out from earlier. While the breakout still holds, the index is testing its breakout zone. Price action continues to respect the rising short- and medium-term moving averages, with the 50-week MA at 24,518 and the 100-week MA at 24,067 offering deeper structural support. The Bollinger Bands are beginning to narrow, often a precursor to a range expansion move in the coming weeks.

Given the current context, participants are advised to adopt a stock-specific approach while keeping a cautious stance on aggressive index bets until the range of 25,700–26,100 is resolved. Protection of profits should take precedence, especially in the absence of any major triggers and low volatility environment. Until a directional breakout occurs, the method to approach the coming week would be to stay selective, maintain tight stop losses, and avoid chasing momentum near resistance levels.

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 Bank Index, Infrastructure, PSU Bank, Financial Services, and the Midcap 100 Indices are inside the leading quadrant. A few of them are seen evidently slowing down on their relative momentum. However, collectively, these groups may relatively outperform the broader markets.

The Nifty Auto Index is inside the weakening quadrant but is seen mildly improving its relative momentum. The Metal Index is also inside the weakening quadrant.

The Commodities Index has rolled inside the lagging quadrant. The Media, PSE, Consumption, FMCG, and Energy Indices are also inside the lagging quadrant and may relatively underperform the broader markets. Energy, however, is seen modestly improving its relative momentum.

The IT and Nifty Services Sector is inside the improving quadrant and are rotating positively. The Realty Sector is also in this quadrant but is seen giving up on its relative momentum 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)

