

# Weekly Market Outlook

Jan 19, 2025 thru Jan 23, 2026

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## Week Ahead: Flat Close, Tight Range – Nifty Needs a Catalyst for Fresh Trend

The truncated week saw the markets largely consolidating in a narrow range, with Nifty ending the week almost flat with a marginal positive bias. There was a trading holiday on Thursday due to the municipal elections in Mumbai. The benchmark index witnessed low participation and remained range-bound throughout, given the lack of any major triggers. Nifty oscillated within a tight band of 426.40 points, marking an intra-week high of 25,899.80 and a low of 25,473.40. India VIX edged slightly higher by 4.10% to 11.37, indicating a marginal uptick in volatility expectations, although it remains within historically benign levels. Nifty closed the week with a minor gain of 11.05 points (+0.04%).



The index continues to stay in a defined consolidation zone just below its recent high, exhibiting a broad-ranging behavior without any decisive breakout. Nifty is trading within a horizontal resistance zone marked near 25,900, while it continues to defend the 100-DMA (25,570) on a closing basis. Structurally, the markets are not in a trending phase and appear to be in a time-wise consolidation which suggests that Nifty is awaiting a decisive catalyst. A sustained move above 25,900–26,000 could open up room for a fresh breakout, while a breach below 25,400–25,350 may trigger incremental weakness.

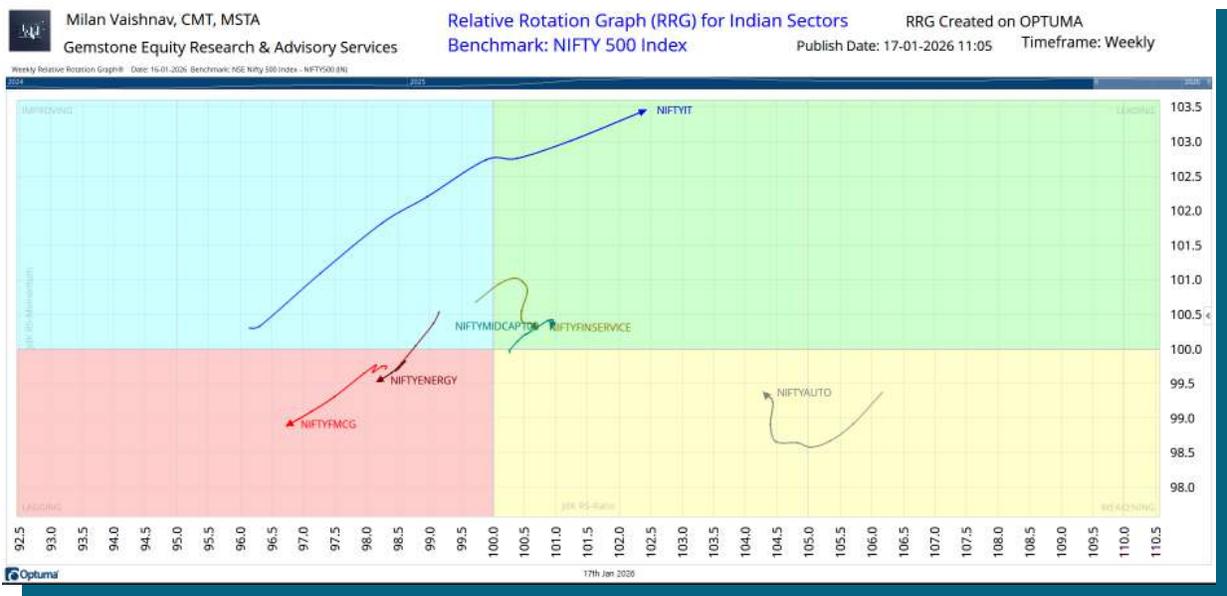
**For the upcoming week, a quiet-to-cautious start cannot be ruled out unless the index manages to decisively clear 25,900. Key resistance zones are seen at 25,900 and 26,150 levels, while supports are expected around 25,500 and 25,200. A breakdown below these levels may bring the 24,700–24,800 zone back into focus.**

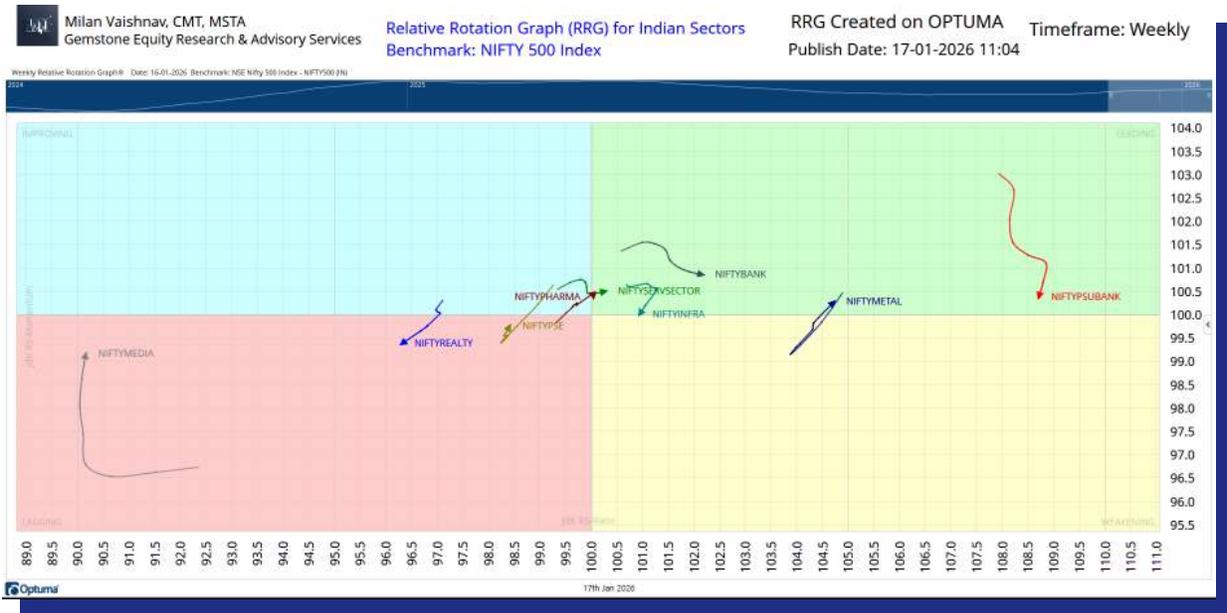
The weekly RSI stands at 53.31 and remains neutral without showing any bullish or bearish divergence against the price. It reflects a lack of momentum either way. The weekly MACD remains below the signal line and shows mildly increased momentum, with a widening histogram, hinting at slightly elevated downside pressure. The weekly candle is a small-bodied bar with upper shadows, once again reflecting indecision near the resistance.

From a pattern analysis perspective, the Nifty continues to stay above the falling trendline that it penetrated. . This horizontal congestion zone is creating overhead supply pressure. On the downside, the index continues to respect its key moving averages, especially the 50-week MA (24,728) and the 100-week MA (24,234), which act as strong support zones.

Given the technical setup, it is prudent to remain guarded in the coming week. Traders should be cautious in initiating aggressive fresh longs unless there is a confirmed breakout above 26,000. A stock-specific approach is advised, with a focus on risk management and protecting existing gains. The best way to approach the coming week would be to avoid chasing the index and instead selectively participate in stocks showing relative strength, keeping tight stop losses in place.

*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 Pharma and the Metal Indices have rolled inside the leading quadrant, and the Nifty IT sector is rotating strongly inside the leading quadrant. The Nifty Midcap 100, Financial Services, Banknifty, PSU Bank, and Infrastructure Sector Indices are also inside the leading quadrant. These groups are likely to relatively outperform the broader markets.

The Auto Index is the only index that is inside the weakening quadrant. While it may slow down on the relative front, individual stock-specific moves can be seen within this pocket.

The Nifty Energy, Realty and FMCG Sector Indices are seen languishing inside the lagging quadrant. These groups may relatively underperform the broader Nifty 500 Index. The Media and the PSE Sector Indices are also inside the lagging quadrant but they are seen improving their relative momentum against the broader markets.

There is no sector present inside the improving 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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