Weekly Market Outlook

Sep 28, 2026 thru Oct 02, 2026

Milan Vaishnav, CMT, MSTA

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Week Ahead: Short Week, Critical Levels: Nifty Braces for a Decisive Move

The markets remained under sustained pressure through the week and ended negative, extending their decline for the seventh consecutive week. The Nifty attempted intermittent rebounds, but these failed to develop into a meaningful recovery as selling pressure persisted at higher levels. The index traded in a 468.05-point range before ending at 23,140.50. Volatility rose noticeably, with India VIX gaining 11.41% over the week to 12.69. The Nifty eventually closed with a weekly loss of 205.90 points, or (-0.88%).

The technical structure remains fragile, with the Nifty continuing to form a sequence of lower tops while remaining below several important weekly moving averages. However, the index is now approaching a technically significant support cluster. The 23,000 level remains the most important near-term support to watch, reinforced by the lower weekly Bollinger Band at 23,071 and strong Put OI build-up in the 23,100–23,200 region. Derivatives positioning also places particularly heavy Put OI at 23,000. This makes the 23,000–23,200 zone an important battleground for the coming week. A sustained violation of 23,000 can invite another leg of weakness, whereas defending this area and moving back above 23,400–23,500 would create room for a technical rebound. Until either happens, the broader structure remains tentative.

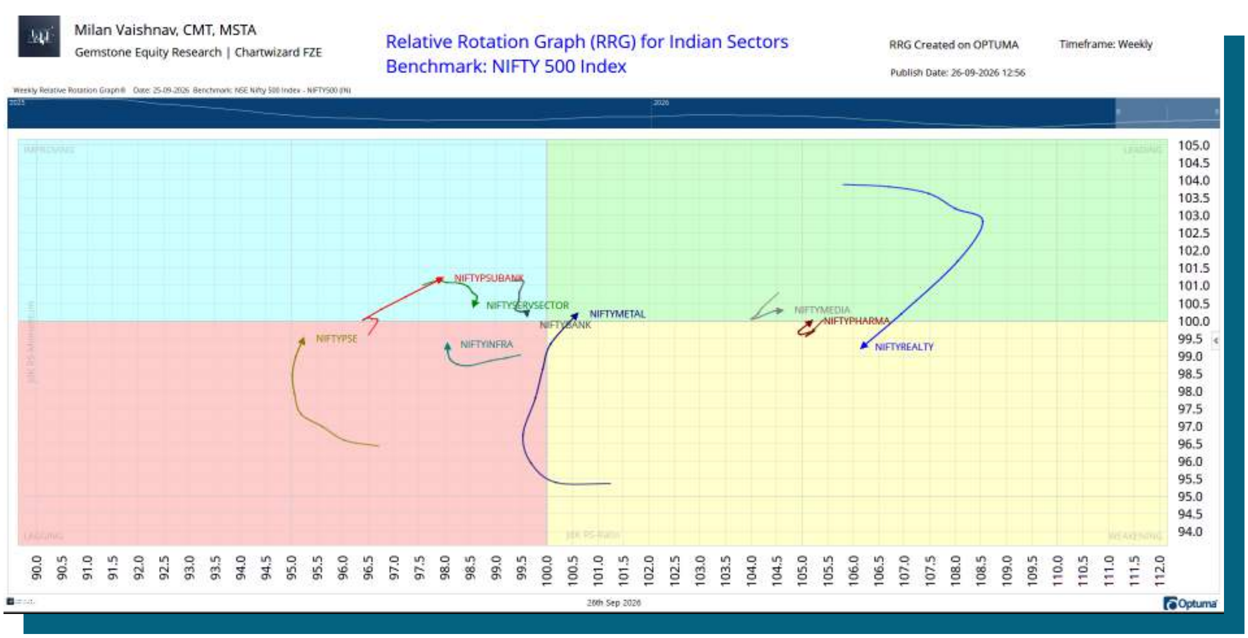
The coming week is shortened by the Friday holiday and will also see the September monthly derivatives expiry on Tuesday. This combination may keep the first half of the week volatile. Markets are likely to see a cautious, potentially tentative start. Immediate resistance is expected at 23,375, followed by 23,600. Supports are likely to come in at 23,000 and then 22,800.

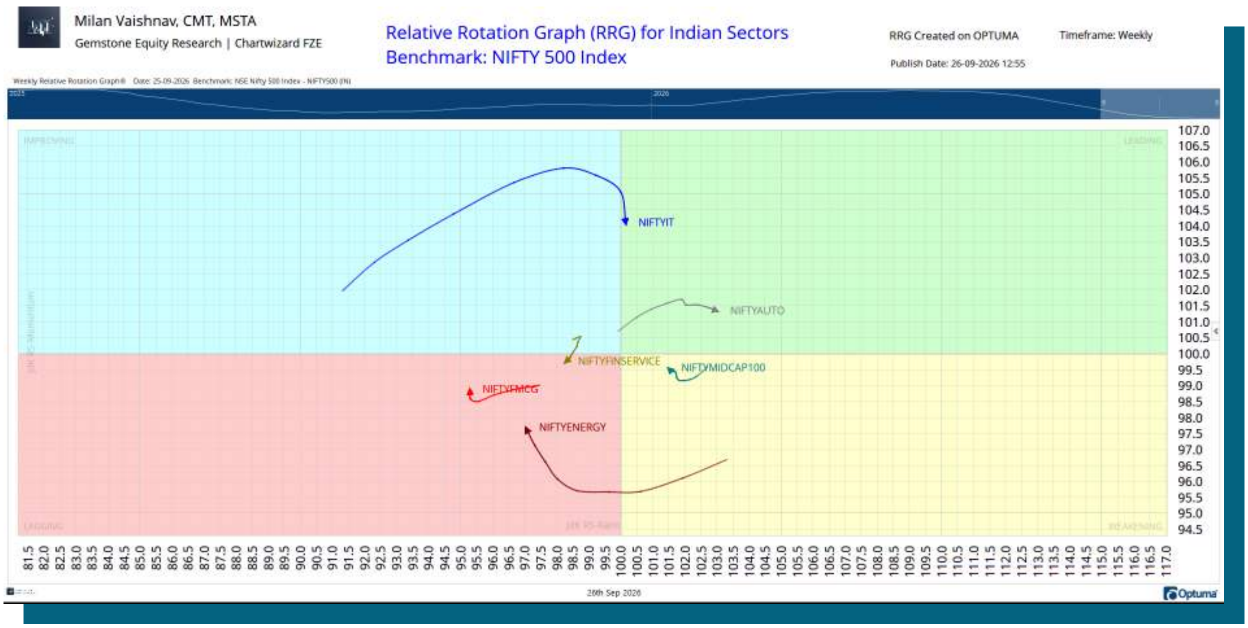
The weekly RSI stands at 37.23 and stays neutral against the price. The weekly MACD stays bearish and below its signal line. This keeps the momentum setup bearish.

Pattern analysis shows the Nifty continuing to operate within the broader structural range visible on the weekly chart, but importantly, it is now testing the lower end of that structure. The index has slipped below the 100-week moving average at 23,376.40 and the 20-week Bollinger average at 23,903.97, while the 50-week moving average at 24,598.74 remains considerably higher. This concentration of averages overhead means any rebound is likely to encounter resistance in stages. On the downside, the rising 200-week moving average at 22,588.34 remains an important longer-term support should 23,000 fail decisively.

The approach for the coming week should therefore remain measured and selective. Seven consecutive weekly declines have brought the index close to an important support zone, so chasing shorts near 23,000 carries an increasingly unfavourable risk-reward unless that support is decisively violated. At the same time, the prevailing momentum does not yet justify aggressive broad-based buying. Traders should watch the behaviour around 23,000–23,200 closely, particularly through Tuesday's expiry. Fresh buying is better restricted to stocks displaying relative strength and independent technical setups, while leveraged positions should remain controlled. The coming week is best approached with reduced aggression, disciplined stops, and a stock-specific strategy until the Nifty establishes a clearer directional move away from the 23,000 zone.

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





The Relative Rotation Graph (RRG) continues to show that the Nifty IT Sector Index has rolled inside the leading quadrant despite tapered relative momentum. In addition, the Metal and Pharma Indices have also rolled into the leading quadrant. The Nifty Media and the Auto Indices are also inside this quadrant. These groups may collectively outperform the broader Nifty 500 Index.

The Nifty Realty Index has rolled inside the weakening quadrant. The Nifty MidCap 100 is the other Index that is present in this quadrant.

The Nifty Financial Services sector has rolled inside the lagging quadrant and is set to relatively underperform the broader markets. The Nifty Energy, FMCG, Infrastructure, and PSE Indices are also inside this quadrant; however, they are seen improving their relative momentum against the benchmark.

The Nifty PSU Bank and the Service Sector Indices are 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.

Milan Vaishnav, CMT, MSTA

Consulting Technical Analyst | Member: (CMT Association, USA | STA, UK) | (Research Analyst, SEBI Reg. No. INH000003341)

Milan Vaishnav, CMT MSTA

Digitally signed by Milan Vaishnav, CMT MSTA
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