



Weekly Market Outlook

Oct 05, 2026 thru Oct 09, 2026

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Week Ahead: Nifty Violates Key Support; Still Stays Prone To An Imminent Rebound

The markets remained under sustained pressure through the truncated week and ended on a distinctly negative note. The Nifty traded in a wide 862.95-point range before some recovery emerged from the lows. Volatility expanded sharply alongside the decline, with India VIX rising 18.91% for the week to 14.46. The Nifty eventually settled, registering a weekly loss of 718.55 points (-3.11%).



The technical structure has weakened materially, with the most important development being the Nifty's modest violation of its 200-week moving average, presently placed at 22,606.97. This is the first breach of this long-term average since March 2020 and makes the 22,600 area particularly important over the coming days. The index is also testing the lower boundary of the broad range on the weekly chart. The sooner the Nifty moves back above the 200-week MA, the better for the broader technical setup; the longer it remains below this level, the greater the chance of the corrective trend extending further. That said, the decline has become technically stretched, and an overdue rebound appears increasingly likely.

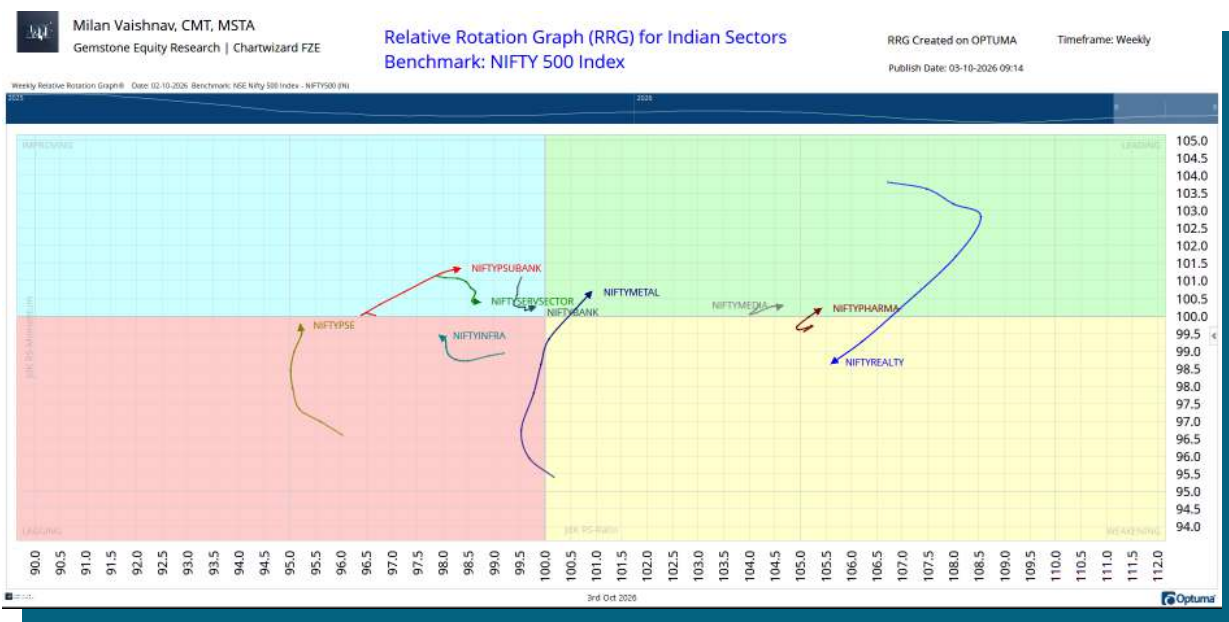
Markets will resume trading after a one-day trading holiday, while the week will also be influenced by an important domestic macro event. The RBI Monetary Policy Committee is scheduled to meet from October 5–7, with the policy decision due on October 7. This event may keep interest-rate-sensitive pockets and the broader market somewhat cautious ahead of the announcement and could contribute to elevated intraday volatility around the policy outcome. Resistance is expected at 22,600 and 22,800, while supports are placed at 22,200 and 22,000.

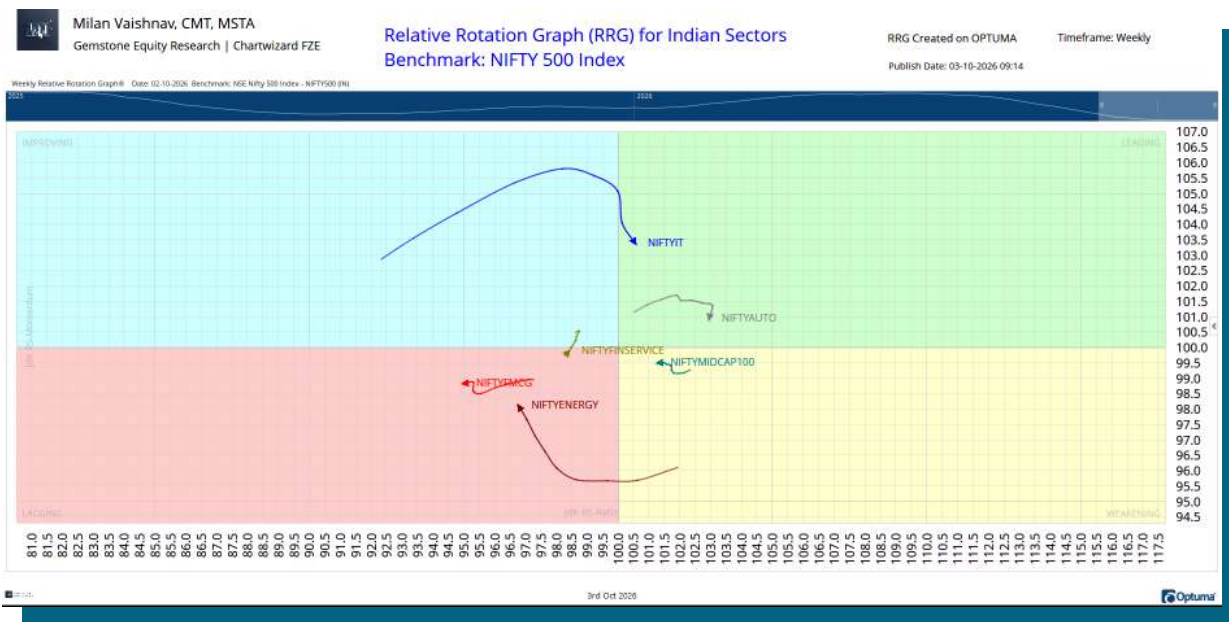
The weekly RSI stands at 30.86, leaving it just above the oversold threshold, with no divergence seen against the price. The weekly MACD remains bearish and stays below its signal line.

Pattern analysis shows the Nifty testing the lower trendline of its broad range while simultaneously slipping below the 200-week MA. The convergence of these two long-term technical references makes the 22,200–22,600 region a critical technical zone for the coming week. A swift recovery and sustained move back above the 200-week MA would alleviate some of the technical damage; prolonged acceptance below it would reinforce the risk of a deeper corrective move.

The coming week therefore calls for a measured and highly selective approach. The near-oversold technical setup makes aggressive fresh shorts susceptible to a sharp counter-trend rebound, while the breach of the 200-week MA argues against interpreting every recovery as the beginning of a durable reversal. With the RBI policy decision on October 7 adding an event-risk dimension to an already fragile technical setup, volatility may remain elevated. The preferred approach for the week is to remain stock-specific, light on leverage and disciplined with risk, while allowing the Nifty's behaviour around its 200-week MA to establish whether the anticipated technical rebound can develop into a more meaningful recovery.

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 Pharma sector Index has rolled inside the leading quadrant. The Nifty IT, Auto, Metal, and Media Indices are also inside the leading quadrant. These groups are likely to relatively outperform the broader Nifty 5000 Index.

The Nifty FMCG Index languishes inside the leading quadrant and is likely to relatively underperform the broader markets. The Nifty Energy, Financial Services, Infrastructure, and the PSE Indices are also inside the lagging quadrant. However, they are seen improving their relative momentum against their benchmark.

The PSU Bank, Services Sector, and Nifty Bank Indices are inside the improving quadrant. They may see continued gradual improvement in their relative performance against the Nifty 500 Index.

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.

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