



Weekly Market Outlook

Oct 19, 2026 thru Oct 23, 2026

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Gemstone Equity Research & Advisory Services

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Week Ahead: Nifty Avoids a Structural Breakdown; Recovery Faces Its Next Technical Test

Indian equity markets staged a strong recovery during the week, reversing some of the weakness seen in previous weeks. The Nifty began the week on a positive note and extended its recovery, although the broader technical setup remained challenging. The Index traded in a range of 861.40 points. Weekly volatility cooled by 2.23% to 14.06. The headline Index eventually ended the week with a net gain of 625.70 points (+2.78%).



The most significant technical development of the week was Nifty reclaiming its 200-week Moving Average, currently at 22,651.47, after slipping below it in the preceding weeks. This recovery is significant because it has, at least for now, prevented a deeper deterioration in the Index's long-term technical structure. The 200-week MA has historically served as an important reference point for the primary trend, and the Nifty's ability to move back above it has reduced the immediate risk of a structural breakdown. However, this recovery should not yet be interpreted as a confirmed trend reversal. The Index continues to trade below its 20-week, 50-week, and 100-week moving averages, indicating that significant overhead resistance remains in place. The immediate challenge is for the Nifty to sustain above the 200-week MA and build on the recovery.

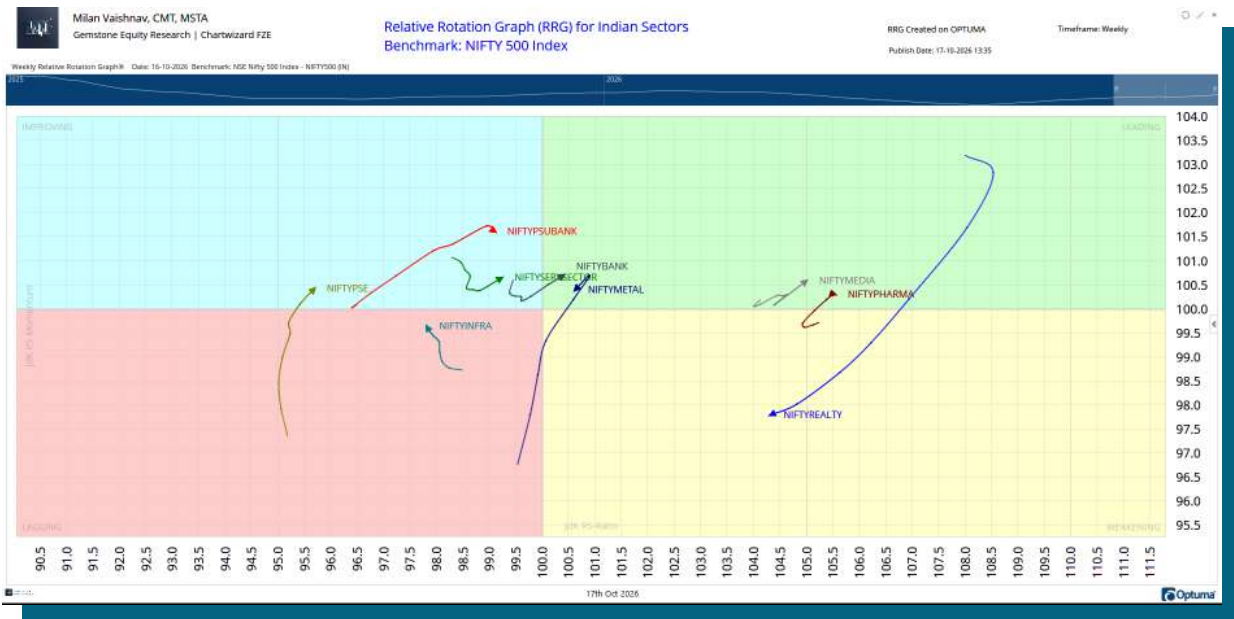
The coming week is likely to see markets attempting to consolidate the previous week's gains. While successfully reclaiming the 200-week MA provides a positive backdrop, multiple overhead resistance levels may prevent an unrestricted upward move. The 23,300 and 23,550 levels are likely to act as immediate resistance. Support comes in at 22,950 and 22,650. The trading week will also be truncated, with Tuesday, October 20, a trading holiday due to Dussehra.

The weekly RSI stands at 42.29. It remains below the neutral 50 mark, indicating that underlying momentum remains relatively weak despite the recent recovery. It remains neutral and shows no divergence against price. The weekly MACD remains bearish and trades below its signal line.

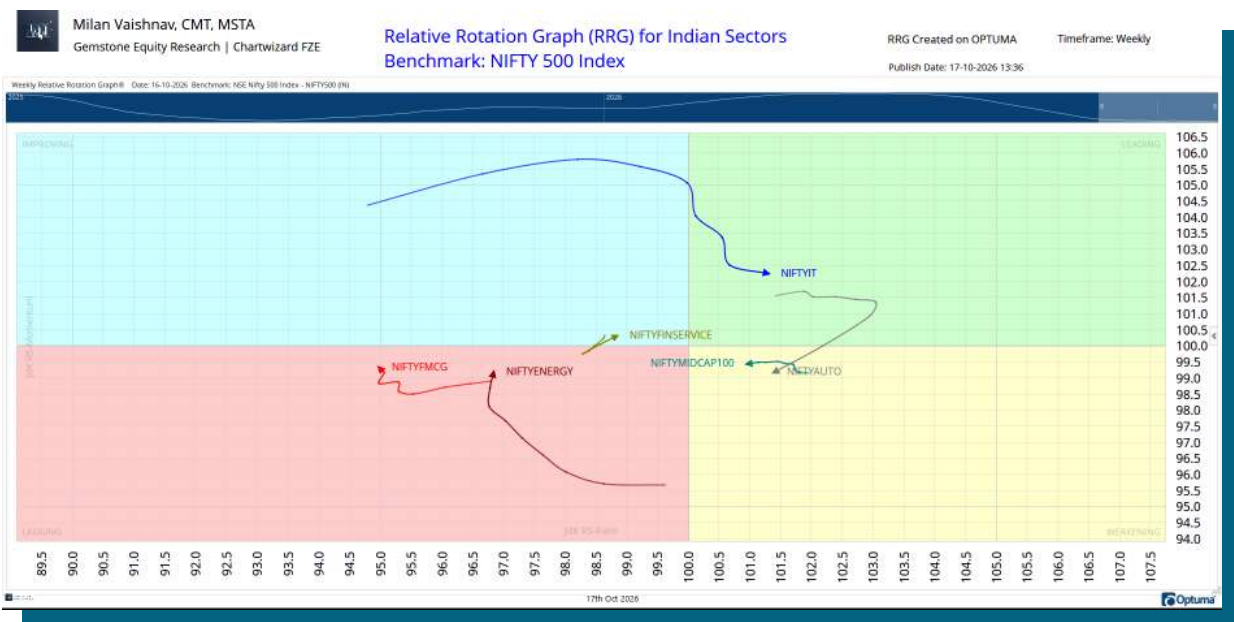
Pattern analysis on the weekly chart highlights the importance of the area around the 200-week MA. The Nifty has been trading in a broad consolidation structure after its earlier highs, with the lower boundary marked by a horizontal trendline that converges with the 200-week MA, making the 22,500–22,650 region an important confluence support zone. The recent decline briefly threatened this structure; however, the subsequent recovery has helped the Index move back above this critical area. The Index will need to negotiate these barriers before the primary uptrend can meaningfully resume.

The coming week calls for a cautiously optimistic but disciplined approach. The recovery above the 200-week MA is encouraging, and it would be crucial to watch the Index's ability to defend and sustain above this level. Market participants should avoid chasing sharp advances and instead look for opportunities in stocks displaying superior relative strength and improving technical structures. Market participants can protect existing profitable positions with trailing stop-losses, while adding fresh exposures should be selective and staggered.

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) shows that the Nifty Bank Index, Metal, Media, Pharma, and the IT Indices are inside the leading quadrant. While the Metal Index shows some loss of relative momentum, these groups are likely to outperform the broader market on a relative basis.



The Nifty Realty, Midcap 100, and Auto Indices continue to stay inside the weakening quadrant.

The Nifty FMCG Index is seen languishing inside the lagging quadrant. The Nifty Energy and Infrastructure Indices are also inside the lagging quadrant, but they are seen improving their relative momentum against the broader Nifty 500 index.

The Nifty Financial Services, PSU Bank, PSE, and the Services Sector Indices are inside the improving quadrant. They may continue to improve their relative performance against the benchmark.

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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