Investkaps

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Nifty - Market Commentary

Date: 7th May 2025

Market Overview

The Nifty 50 Index has demonstrated resilience despite geopolitical tensions post-April 22nd. The index took resistance at the 61.8% Fibonacci retracement zone (24500–24600) of the entire fall since Sep'24. This marks a key technical resistance. Structurally, the 50-day EMA has crossed above the 200-day EMA, indicating a bullish undertone for the medium term.

Medium-Term View

- Sep'24 to Apr'25 correction pattern has similarity to the 2021 post-October decline, with approx. 17–18% correction over 7-8 months.
- Price low potentially already formed around panic lows of 21743 in Apr'25. The low was formed around extreme panic related to tariffs and concern of huge trade shocks and deglobalization and economic wars. With now Ind-Pak conflict and extreme bad news flow and fear, market is showing resilience thus far. Unless there is extreme escalation, key supports and Apr lows are likely to hold.
- 200 DMA remains a solid technical support.
- Retest of Sep'24 highs can't be ruled out, with intermittent profit-booking phases.

(Source: TradingView)

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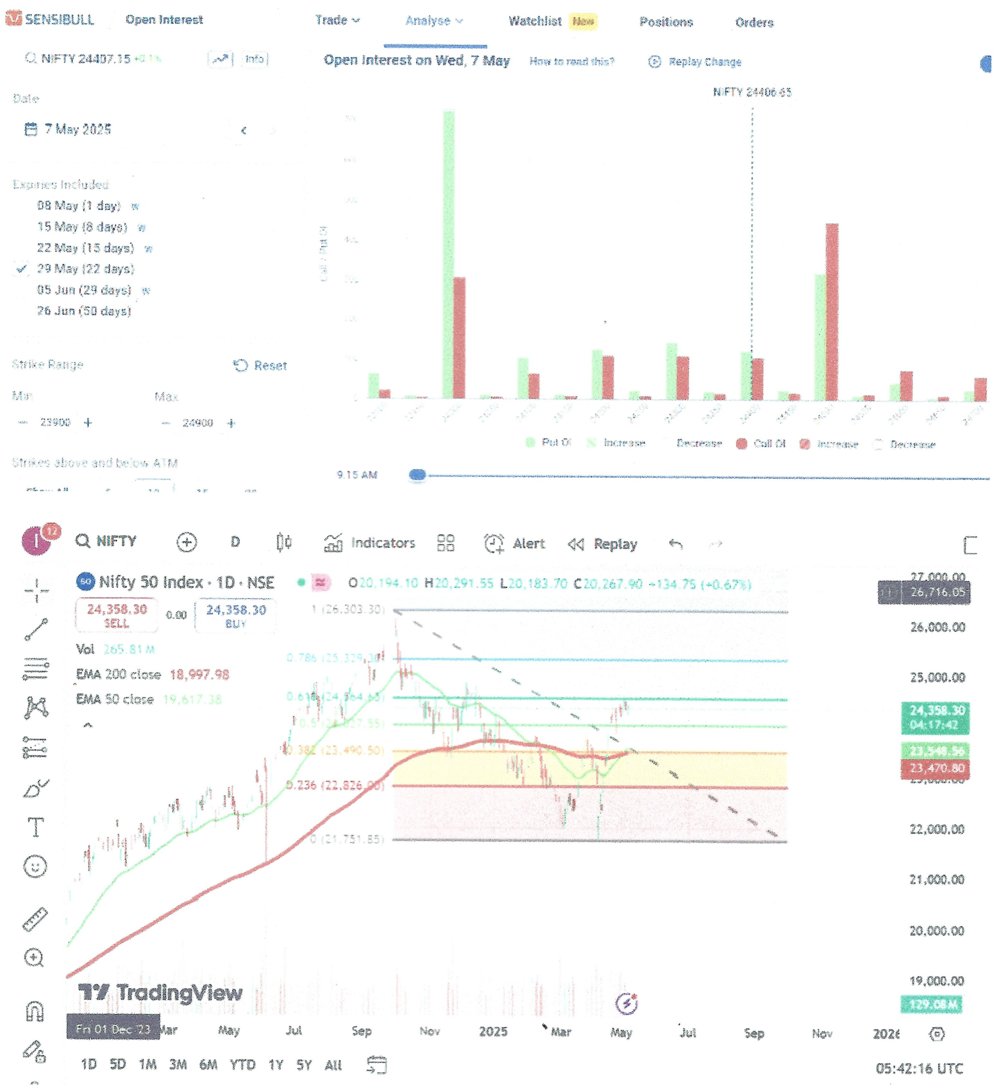
Short-Term View

- Strong put writing observed at 24000 and call writing at 24500 across May expiries, indicating the key breakout levels to watch out for. Breakout from this range would initiate a trending move.
- Bank Nifty supported by leadership in major banks viz. HDFC, Kotak, and ICICI Bank.
- Momentum breakout in select cash stocks worth chasing.
- Positional long bias with a stop-loss around 24000.



(Source: Sensibull & TradingView)

Conclusion

The Nifty index remains technically poised for a potential breakout if it breaks and sustains above the 24500 resistance. Options data suggests market participants are cautiously optimistic, with notable support at 24000. Traders should maintain a bullish bias while keeping tight stop losses to manage risk amid geopolitical volatility.

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