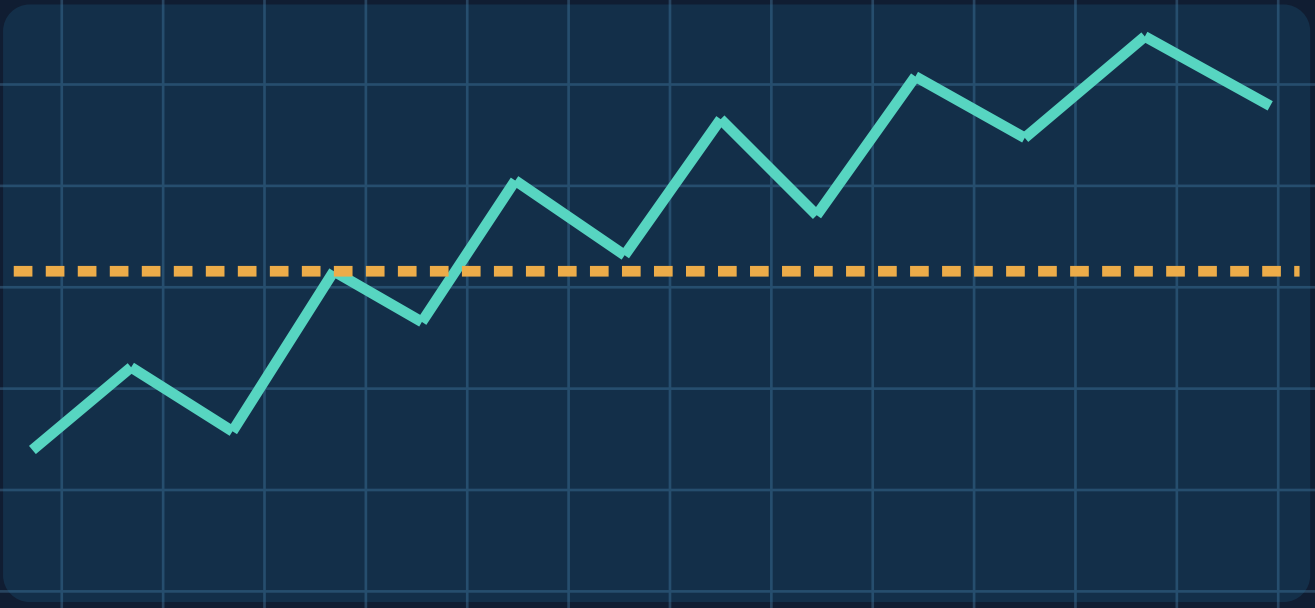
INDIAN STOCK MARKET

SUPPORT & RESISTANCE FIELD GUIDE

Understand levels. Read price action. Manage risk.



A practical, chart-side reference for Indian equity traders

EDUCATIONAL EDITION • OCTOBER 2026

How to use this guide

This guidebook converts the supplied learning material into a structured reference for Indian equity traders. It focuses on reading support and resistance as zones of possible reaction, not guaranteed buy/sell signals. Examples are illustrative; ₹ prices are hypothetical unless identified as source-supplied research.

CORE PRINCIPLE: A level is a place to look for evidence—not a reason to enter a trade by itself.

Inside the guide

01 The foundations: support, resistance and order flow

02 Why zones form: psychology, trapped traders and round numbers

03 Drawing high-quality zones across timeframes

04 Level quality, confluence, and role reversal

05 Pivots, Fibonacci, VWAP, ATR and open interest

06 Trade execution: entry, stops, targets and false breakouts

07 Risk management, timeframes and common mistakes

08 Printable checklists, worked examples and glossary

Important scope and evidence note

The source includes original claims about a 2017–2026 Nifty one-minute backtest and several trading-rule thresholds. Its underlying dataset, code and methodology were not provided. Such figures are reproduced as source-reported, not independently verified. ATR multiples, volume thresholds, 1:2 reward-to-risk and 1% capital risk are heuristics—not universal market rules.

This is educational information, not a securities recommendation. Trading involves loss risk, execution slippage, charges and taxes. Confirm exchange/broker requirements before placing orders.

01 / The foundation

What exactly is support?

Support is a price area where buying interest may become large enough to slow or reverse a decline. Buyers entering, short sellers covering, or holders adding positions can all contribute to a bounce. Support can fail when selling overwhelms that demand.

What exactly is resistance?

Resistance is a price area where selling interest may slow or reverse an advance. Existing holders may take profits, trapped investors may exit near breakeven, and new short sellers may act there. Resistance can fail when buying overwhelms supply.



Chart concept: price can react several times within a band. That is why a zone usually communicates market behaviour better than a one-rupee line. Diagram is schematic, not market data.

Why a level forms

- Price memory: traders remember prior swing highs, swing lows and turning points.
- Trapped positions: losing traders may exit near their entry price.
- Concentrated orders: meaningful liquidity may sit near visible areas.
- Collective psychology: fear, greed and profit-taking can cluster responses.
- Technical overlap: trendlines, moving averages, pivots and other methods may point toward similar zones.

02 / Round numbers and market psychology

₹500, ₹1,000 and large Nifty milestones are easy to recognise. They can attract attention, but attention alone does not make them reliable support or resistance.

What the supplied Nifty analysis reported

The source describes approximately 9.5 years of one-minute Nifty observations (April 2017 to September 2026), around 18,000 round-level touches and over 740,000 comparison touches at non-round levels. A bounce was defined as a return to the approach side within 15 minutes. No dataset or reproducible research files accompanied the text.

Round step	Reported bounce	Non-round comparator	Difference
1,000 points	50.3%	53.9%	-3.6 pp
500 points	48.5%	53.4%	-4.8 pp
100 points	52.6%	53.9%	-1.3 pp
50 points	54.2%	53.9%	+0.3 pp

Interpretation in the source: round-number levels were not consistently superior to comparator levels. The reported numbers should not be used as evidence of an edge until selection methods, dependence among touches, transaction costs and out-of-sample robustness are independently assessed.

Practical takeaway

- Use round numbers as context, not as standalone entry triggers.
- Watch for stops clustering just beyond conspicuous levels.
- Consider option strike levels and expiry effects carefully, without assuming causality.
- Confirm a price reaction using structure and participation rather than an attractive-looking number.

03 / Drawing support and resistance

Five-step chart workflow

- Start high: open monthly/weekly/daily views for broader market structure.
- Find clear swings: prefer distinct turning points over minor candle noise.
- Draw rectangles: capture a compact band around relevant wick/body reactions.
- Control width: do not widen zones solely to force distant pivots to fit.
- Recheck trend: rising, falling and range-bound markets behave differently.

The ATR width heuristic

The source suggests about 0.5–1.0 × daily ATR as a rough zone-width guide and approximately 3 × ATR for filtering smaller swings. Those are context-dependent heuristics, not validated constants. Always use ATR from an appropriate timeframe, and document precisely how a candidate swing is measured.

GOOD ZONE = visible historical reaction + sensible width + current context. A zone with many touches is not necessarily a better future trade.

Line versus zone: mini example

Suppose a stock reacts around ₹742, ₹747 and ₹744 on different dates. A trader might mark ₹742–₹747 as a candidate support zone rather than drawing a line at ₹745. Whether it remains relevant depends on subsequent price action and market conditions.

Priority by timeframe

Trading approach	Find larger levels	Fine-tune execution
Scalping	15-minute / 1-hour	1-minute / 3-minute
Intraday	1-hour / daily	5-minute / 15-minute
Swing	Daily / weekly	1-hour / 4-hour
Positional	Weekly / monthly	Daily

Treat the higher timeframe as context, not an infallible override. If major resistance is very close above a lower-timeframe long entry, available upside may be too small relative to risk.

04 / Which zones matter most?

Six quality factors

- Meaningful prior reactions: large, distinct reversals or pauses.
- Timeframe: major weekly or daily structures may attract wider attention.
- Multiple observations: two or three reactions can help establish relevance.
- Participation: unusual volume may corroborate activity.
- Confluence: independent tools identify a similar price area.
- Role reversal: old resistance is tested as support, or vice versa.

A useful nuance: more tests do not guarantee stronger support

The source distinguishes identification from depletion. Early repeated reactions may help establish that a level is visible; repeated later approaches, progressively smaller bounces or compressing price action may warn that the zone could break. These patterns are interpretations, not mechanical laws.

Three warning signs of weakening

- The bounce away from the zone becomes smaller.
- Price revisits the zone more frequently.
- Higher lows compress into resistance, or lower highs compress into support.

Confluence without indicator overload

A weekly resistance zone aligning with a falling moving average and a retracement area may warrant attention. But indicators derived from the same price series are correlated. Three overlapping indicators are not automatically three independent confirmations.

05 / Breakouts, retests and polarity

Resistance becomes support

When price rises through resistance, traders who missed the advance may look for a pullback entry; short sellers may buy to cover. If buyers defend the old resistance zone during a retest, traders describe this as resistance-to-support polarity.



Schematic: a breakout and retest around a former resistance band. A retest does not guarantee a continuation.

Support becomes resistance

After a breakdown, buyers trapped at old support may sell into a return toward breakeven, while new sellers may defend the area. A failed reclaim can make that former support a resistance reference.

What is a false breakout?

A false breakout occurs when price moves through a watched level but cannot sustain outside it, falling or rising back inside the prior area. Low liquidity, sudden news, temporary momentum and weak follow-through can all contribute.

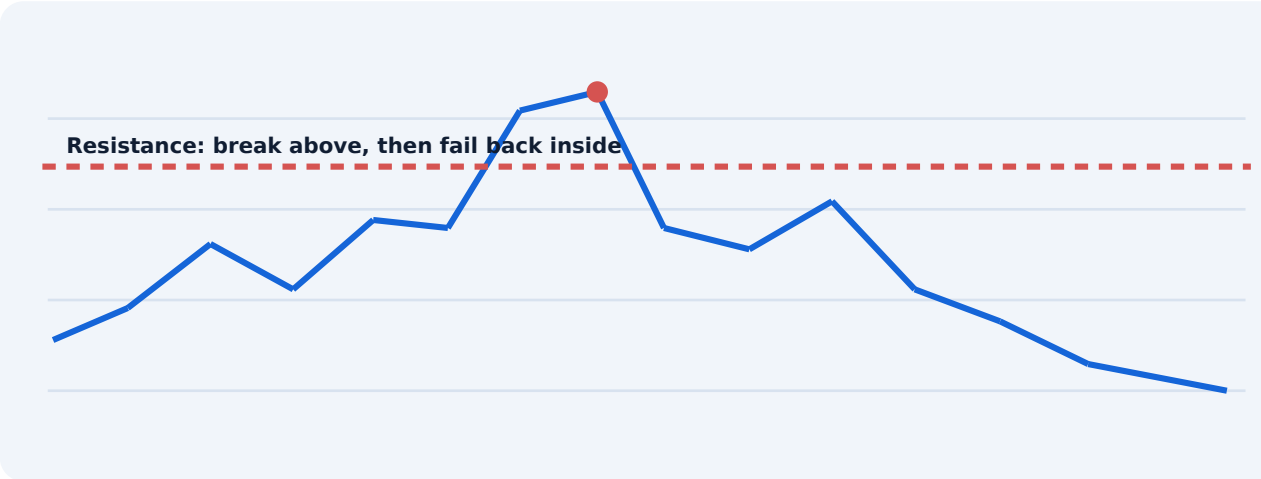


Illustration: price briefly exceeds resistance before retreating. One candle beyond a line is not proof of sustained acceptance.

Possible confirmation checks

- Observe a close beyond the zone rather than an isolated wick.
- Check whether price holds outside the zone over subsequent bars.
- Look for volume consistent with the instrument and session.
- Evaluate the retest and whether the original range is reclaimed.

06 / Tools for mapping price levels

Classical pivot points

Using the previous session’s high (H), low (L), and close (C), the classical pivot is:

P = (H + L + C) / 3 | R1 = 2P - L | S1 = 2P - H

Additional levels: R2 = P + (H - L), S2 = P - (H - L), R3 = H + 2(P - L) and S3 = L - 2(H - P). Pivots are reference calculations, not observations of actual order flow.

Worked Nifty pivot example (from the source)

Previous high H = 25,200; low L = 24,900; close C = 25,100; range = 300 points. Consequently P = 25,066.67 (rounded).

Level	Value
R2	25,366.67
R1	25,233.33
Pivot	25,066.67
S1	24,933.33
S2	24,766.67

Other common tools

- Volume profile: estimates volume traded at different prices; the point of control (POC) is the highest-volume price bin.
- Fibonacci retracement: uses swing-based reference percentages including 23.6%, 38.2%, 50%, 61.8% and 78.6%.
- Moving averages: 20 EMA, 50 EMA or 200 SMA can frame dynamic price context.
- VWAP: volume-weighted average trade price, often monitored intraday.
- Open interest: strike-level positioning may help contextualise derivatives; maximum OI does not mechanically define support/resistance.
- Bollinger Bands and Supertrend: dynamic overlays that require confirmation from market structure.

07 / Trading a level: execution plan

Set up a trade in five decisions

- Context: map the higher-timeframe structure and current direction.
- Location: wait for price to approach a meaningful zone.
- Evidence: look for rejection, acceptance, retest, volume or candle structure.
- Invalidation: set a stop where the trade thesis would be wrong.
- Payoff: estimate realistic target, costs, slippage and position size before entry.

Example: long reversal at support (illustrative only)

Decision	Example
Zone	₹742–₹747 support
Potential entry	₹750 after a confirming price reaction
Stop-loss	₹739 below the support region
Risk per share	₹11
First target	₹772 near the next resistance
Gross reward / risk	₹22 / ₹11 = 2.0 : 1

For a hypothetical ₹1,00,000 account risking 0.5% per trade, the risk budget is ₹500. At ₹11 risk/share, the theoretical maximum is 45 shares (₹495 risk), before accounting for gaps, order slippage, brokerage and other costs. The actual permitted quantity may also be limited by available funds and exchange rules.

Stop placement

For long trades, a stop may be placed below the support zone; for short trades, above resistance. The source suggests a 0.5 × ATR buffer as a heuristic. Buffer size should reflect volatility and setup invalidation, not a fixed guarantee against stop-outs.

Targets

The next meaningful opposing zone is one candidate target. A 1:2 gross reward-to-risk ratio can be a screening criterion, but only after assessing the probability of reaching the target and execution costs.

08 / Risk management & trade discipline

Risk sizing formula

Position size (shares) = Allowed rupee risk / |Entry price - Stop price|

Round the quantity down to an integer. Recalculate if the stop or entry changes. A stop does not cap losses during gaps or extreme volatility, and leverage can increase losses.

Before placing a trade

- Know the worst plausible execution outcome, not only the planned stop loss.
- Check liquidity, spread, pending news, gap risk and market-wide volatility.
- Estimate brokerage, statutory levies, taxes and slippage for the relevant product.
- Define whether the order is delivery, intraday or a derivative position.
- Avoid adding risk to a losing position without an explicit tested plan.
- Record the setup and outcome in a journal, including non-trades.

Common mistakes in the supplied material

- Treating a support or resistance line as an exact price.
- Marking every small high and low until the chart becomes unreadable.
- Assuming a familiar level is guaranteed to hold.
- Ignoring market direction or higher-timeframe obstacles.
- Stacking correlated indicators and mistaking them for independent evidence.

Additional execution mistake to watch

Ignoring market friction: a setup that looks profitable on a chart may have poor expectancy after spreads, gap fills, charges and position limits. This is an added educational consideration rather than a claim from the source.

09 / Reference comparisons

Dimension	Price-action zones	Classical pivots	Fibonacci
Basis	Past reactions	Prior H, L, C	Chosen price swing
Presentation	Typically bands	Discrete prices	Ratio-based prices
Main role	Market structure	Precomputed levels	Possible pullback areas
Main limitation	Subjective selection	No order-flow information	Swing selection is subjective

Static versus dynamic levels

Static zones remain at historically identified prices, such as a prior weekly high. Dynamic references change as new prices arrive—for example a 20-period EMA, VWAP, trendline, channel or Supertrend. Neither category is intrinsically more profitable.

Using momentum and participation sensibly

RSI or MACD can provide momentum context, while price-volume data can help assess participation. “Oversold” does not guarantee buying, an MACD crossover is lagging, and elevated volume can occur in both successful and failed breakouts. Prefer a small, explainable checklist over piling on signals.

Trendline caveat

A rising line connecting meaningful lows can serve as a visual reference in an uptrend; a falling line may play the opposite role. The source’s suggestion about “45°” is chart-scale dependent: changing the chart aspect ratio changes visual angles without changing market behaviour.

10 / Chart-side trading checklist

A. Before the setup

[ ] Higher-timeframe trend and nearby major zones identified

[ ] Zone based on meaningful reactions, not forced touchpoints

[ ] Zone width makes sense relative to volatility

[ ] Sufficient space to the next opposing zone

[ ] Liquidity, news/event and market environment checked

B. At the zone

[ ] Price action confirms rejection, breakout or retest

[ ] Indicator evidence adds information rather than duplication

[ ] Entry trigger and thesis invalidation are unambiguous

[ ] Stop and target make economic sense after friction

C. Order and position

[ ] Risk budget established in rupees

[ ] Share quantity rounded down and within buying-power limits

[ ] Order type, stop mechanism and gap risk understood

[ ] No trade if minimum conditions fail

D. Afterward

[ ] Capture chart at decision time and exit

[ ] Record entry, exit, slippage, charges and thesis

[ ] Classify result: valid win, valid loss or process deviation

[ ] Review many trades before changing rules

11 / One-page quick reference

Question	Chart-side rule
Where?	Weekly/daily structure first; then execution timeframe.
Line or zone?	Start with a narrow zone representing real reactions.
Strong level?	Context, meaningful reaction, participation, confluence.
More touches?	Can improve visibility but can also signal weakening.
Round number?	Attention marker—not a standalone edge.
Breakout?	Look for sustained acceptance or a constructive retest.
Fakeout?	Price breaks and quickly returns within the prior region.
Stop?	Beyond a thesis-invalidating area, with volatility context.
Target?	Next meaningful zone plus net reward/risk assessment.
Position size?	Rupee risk divided by per-share stop distance.

REMEMBER: map the zone → wait for evidence → define invalidation → size risk → document the outcome.

Mini glossary

ATR: average true range, a measure of historical price movement. Confluence: multiple factors clustering near one price region. Polarity: potential support/resistance role reversal after a break. POC: point of control in a volume profile. R:R: reward-to-risk ratio. VWAP: volume-weighted average price. OI: open interest, the number of outstanding derivative contracts. False breakout: a move outside a key area that fails to sustain.

Source, limitations & publication notes

Primary source: user-supplied draft titled around “Support and Resistance”, supplied October 2026 (372 text lines). The book preserves its primary topics, explanations, round-number comparison, pivot example and tactical checklist while reorganising them into a printable learning format.

Editorial treatment: source copy has been condensed, language clarified, and the classical pivot formula explicitly parenthesised to avoid ambiguity. The hypothetical stock trade and execution-cost discussion are additional illustrative material, not claims from the supplied draft. Schematics are generated illustrations, not real historical stock charts.

Evidence boundaries: the draft references research attributed to Osler and a proprietary Nifty comparison, but does not supply a full citation, backtest code, dataset, experimental design or independent audit. This edition does not authenticate those empirical claims. Claims about specific touch counts, ATR multiples and volume triggers should be separately validated before use in a trading system.

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