

'Spinning Top' Pattern Shows Nifty50 may See a Pullback

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ETMarkets.com: The Nifty50 on Tuesday snapped a five-day losing streak and formed a small bullish candle, resembling a 'Spinning Top' on the daily chart. While the index continued to form lower highs and lower lows, analysts believe the index may keep attempting a pullback in the coming sessions.

For the day, the index rose 20 points, or 0.19%, to close at 10,536.

"As the pullback attempt is coming from the right technical levels, the probability of sustaining can be somewhat higher. Initial signs of strength can be presumed if the index manages a sustainable close above its five-day simple moving average, whose value is placed at 10,620," said

Mazhar Mohammad at Chartviewindia.in.

Experts say, the index has to hold above 10,550 to witness a bounce towards 10,625

Mohammad said a close above 10,620 may trigger a strong pullback towards 10,777, while an imminent support for the index is seen at 10,465,

which is the 50-Day SMA.

Chandan Taparia of Motilal Oswal Securities believes the index needs to negate its lower high-lower low formation to get short-term relief. The index has to hold above 10,550 to witness a bounce towards 10,625. On the downside, the 10,480 level is likely to act as a key support, Taparia said.

Vikas Jain of Reliance Securities expects Nifty50 to find support in the 10,440-10,460 range while he sees upside resistance at 10,650 level.

Traders with high risk appetite should consider going long by using opening dips, if any, towards 10,500 level with a stop loss below 10,450 on a closing basis, Mohammad said.