

Nifty Forms Bearish Candle, Supports are Shifting Lower

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ETMarkets.com: The Nifty50 fell for the fifth straight session on Monday to end near the 10,500 level. In the process, it formed a bearish candle on the daily chart. The index made lower highs and lower lows for the fourth consecutive session, suggesting that its supports are shifting lower. But a small pullback cannot be ruled out, analysts said.

The Nifty50 should hold the support at 10,440 level, which is the 50% retracement

Analysts say as long as the Nifty holds below 10,550, its weakness could extend to 10,440 and 10,400 levels

of the entire rise from 9,951 to 10,929 over the past eight weeks, said Vikas Jain, Senior Analyst at Reliance Securities.

For the day, the index dropped 79.70 points, or 0.75%, to close at 10,516. It hit a low of 10,505 during the day and is now approaching the 50-day simple moving average (SMA).

As long as the Nifty50 holds below 10,550, its weakness could extend till its next support at 10,440 and 10,400 levels, said Chandan Taparia of Motilal Oswal Securities, who believes the index will see upside hurdle at 10,600.

“Both the daily RSI and Stochastic indicators are in the negative terrain. That said, the index is hovering around its earlier breakout level between 10,500 and 10,480 and hence a short pullback cannot be ruled out, said Rajesh Palviya of Axis Securities.