

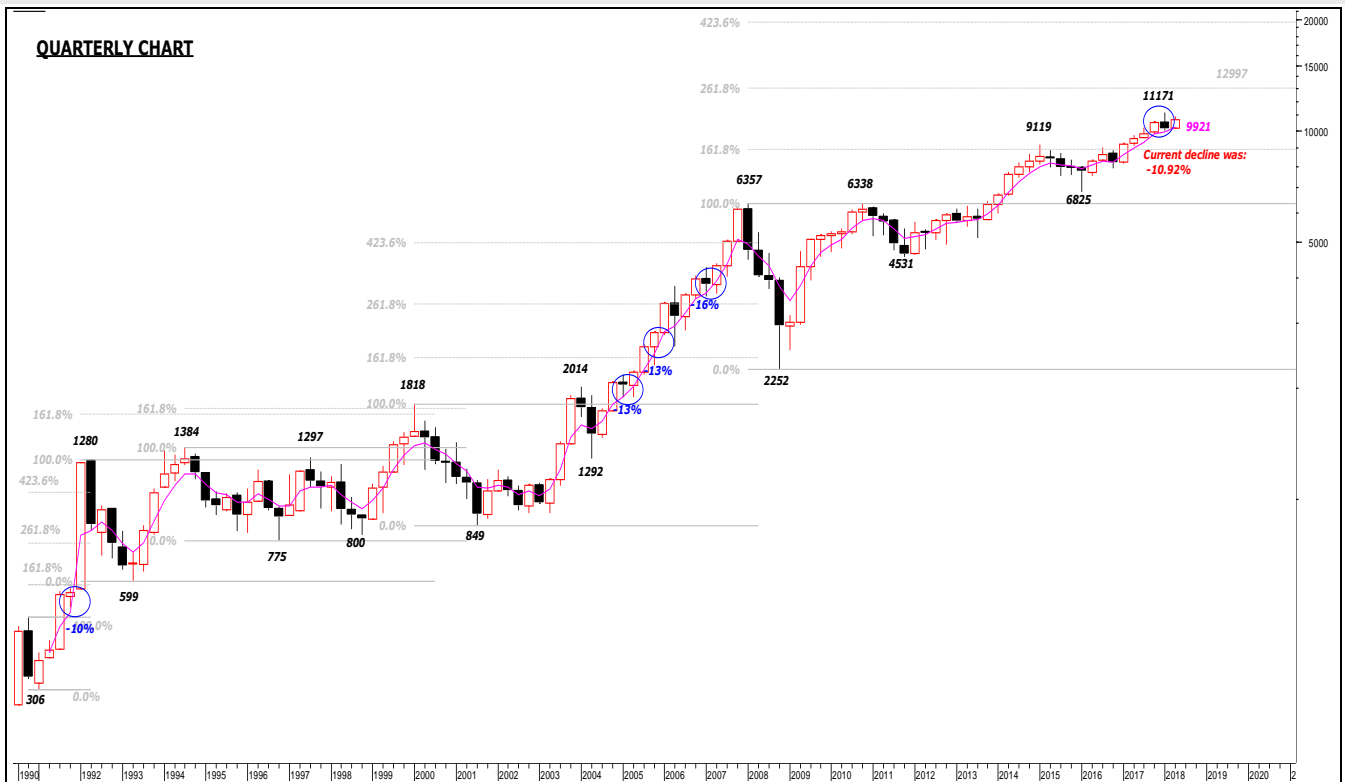
Sustaining above 10417 (Weekly Close basis) is key.

WEEKLY OVERVIEW

8th June, 2018

Support: 10417

Resistance: 10929, 11171



Last week, we had highlighted that sustaining above the low of 10417 on a Weekly Close basis is key for the up-move since the March 2018 low of 9952 to remain intact.

The Nifty, after making a high of 10929 which was at the 78.6% Fibonacci retracement level of the fall from 11171 (10910), witnessed selling pressure. In the process the Nifty had formed a "Bearish Engulfing" pattern on the Weekly Chart. This has been a cause for concern in the near term.

On 23rd May 2018, the Nifty made a low at 10417. On a Weekly Close basis it has sustained above the Weekly Middle Bollinger Band. Hence, sustaining above the low of 10417 on a Weekly Close basis is key for the up-move since the March 2018 low of 9952 to remain intact. Only a failure to do so would open up the possibility of revisit of the March 2018 low of 9952.

At the low of 9952, the Nifty had declined by 11% from its peak value and had bounced from near the 4-Quarter EMA placed at 9921. Since then it has been in a strong up-move. This behaviour of the Nifty has been in line with the past bull runs. Hence, long term outlook continues to remain positive with an initial target placed around 13000 (261.8% Fibonacci retracement level of the January 2008 – October 2008 fall). Nevertheless, considering this historical behaviour, long term target for the Nifty is placed around 25000 (561.8% Fibonacci retracement level of the January 2008 – October 2008 fall is placed at 25311).

Key near term resistance is now placed at the high of 10929 while a Weekly Close above the all-time high of 11171 would confirm resumption of the long term up-move.

To summarize, sustaining above the low of 10417 on a Weekly Close basis is key for the up-move since the March 2018 low of 9952 to remain intact. Only a failure to do so would open up the possibility of revisit of the March 2018 low of 9952. Key near term resistance is now placed at the high of 10929 while a Weekly Close above the all-time high of 11171 would confirm resumption of the long term up-move.

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