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**Weekly Outlook: 5th May — 11th May 2024**



## Shooting Star?

# NIFTY OUTLOOK



In Friday's trading session, Indian benchmark indices witnessed a notable decline, with the Nifty slipping below the crucial 22,500 mark amidst broad-based selling pressure across sectors, except for metals. The bearish sentiment was underscored by a substantial swing in the Nifty, which retreated over half a percent from its intraday high, coinciding with the formation of a robust bearish candle on the daily chart, indicative of a shift in momentum. Weakness in IT shares and the decline of heavyweight stocks such as Reliance Industries contributed to the downturn.

Despite the pullback, the overall trend remains bullish, with immediate support levels identified at 22,300 and 22,200, while resistance is observed at 22,700 and 22,800. A decisive close above 22,800 could pave the way for further upside towards the 23,000 level. However, heightened volatility, as indicated by the India VIX, adds uncertainty to the market environment, with significant swings observed during the session.

Analyzing Open Interest (OI) data, strong resistance is evident at call strike prices of 22,800 and 23,000, while notable long unwinding is observed at put strike prices like 22,700 and 22,650. This suggests cautious sentiment among traders, with potential buying opportunities recommended during Nifty dips, coupled with the implementation of appropriate stop-loss strategies below key support levels.



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# BANK NIFTY OUTLOOK



In the recent trading session, the BANKNIFTY index displayed a notable uptrend, concluding at 48923.55, marking a 1.50 percent increase from the previous week's close. Notably, it reached a peak of 49974.75 during the week. Examining the weekly chart, strong support is identified near the 48300 levels, coinciding with the 20 Day Exponential Moving Average (EMA).

Moreover, the index demonstrated strength by closing above key moving averages, including the short-term (20 Day), medium-term (50 Day), and long-term (200 Day) EMAs on the weekly timeframe. The Relative Strength Index (RSI) currently stands at 61.89, signaling positive momentum in the market.

Looking forward, significant resistance is expected near 49600-49900 levels, nearing its all-time highs. The anticipated upward movement is likely to be driven by leading private banking stocks such as HDFCBANK and ICICIBANK, alongside potential outperformance from PSU banks like CANBK and SBIN.

In terms of options data, notable concentrations are observed at put strikes of 48500 and 48000, potentially acting as support levels, while call strikes at 49500 and 50000 indicate significant Open Interest and resistance levels for the ongoing expiry.

On the daily charts, resistance is noted around the 49600 levels, with a sustained breach likely to propel the index towards new all-time highs, targeting 50100 and beyond. Traders and investors are advised to closely monitor price movements around these levels for potential breakout opportunities, while maintaining a keen eye on the strength of the upward momentum in BANKNIFTY.



# WEALTH BAGGER STOCK PICKS FOR THE WEEK



# COAL INDIA



Coal India has recently caught the attention of traders with its intriguing price action on both weekly and daily charts. On the weekly timeframe, the stock has constructed a 12-week -long pattern resembling a flat base, suggesting a potential consolidation phase. However, a deeper dive into the daily chart reveals a more compelling story.

A confirmed Volatility Contraction Pattern (VCP) breakout at 465 signals a significant shift in momentum. This breakout is accompanied by notable volume, indicating strong participation and conviction among traders.

Traders are now presented with a compelling opportunity to capitalize on this bullish momentum. Buying the stock at current market price, with a stop-loss set below 450 on a closing basis, offers a favorable risk-reward ratio. The immediate target for this trade is set at 510, reflecting the potential upside from the breakout level.

Overall, the technical setup suggests that Coal India is poised for further upside movement, with the VCP breakout signaling a potential trend reversal. Traders should closely monitor price action and volume dynamics for confirmation of the bullish trend continuation.



LT Foods is currently displaying an intriguing technical setup on its weekly charts, presenting an opportunity that traders should keep a close eye on. Over the past 24 weeks, the stock has been forming a cup and handle pattern, a classic bullish continuation pattern often seen as a sign of a potential upward trend continuation.

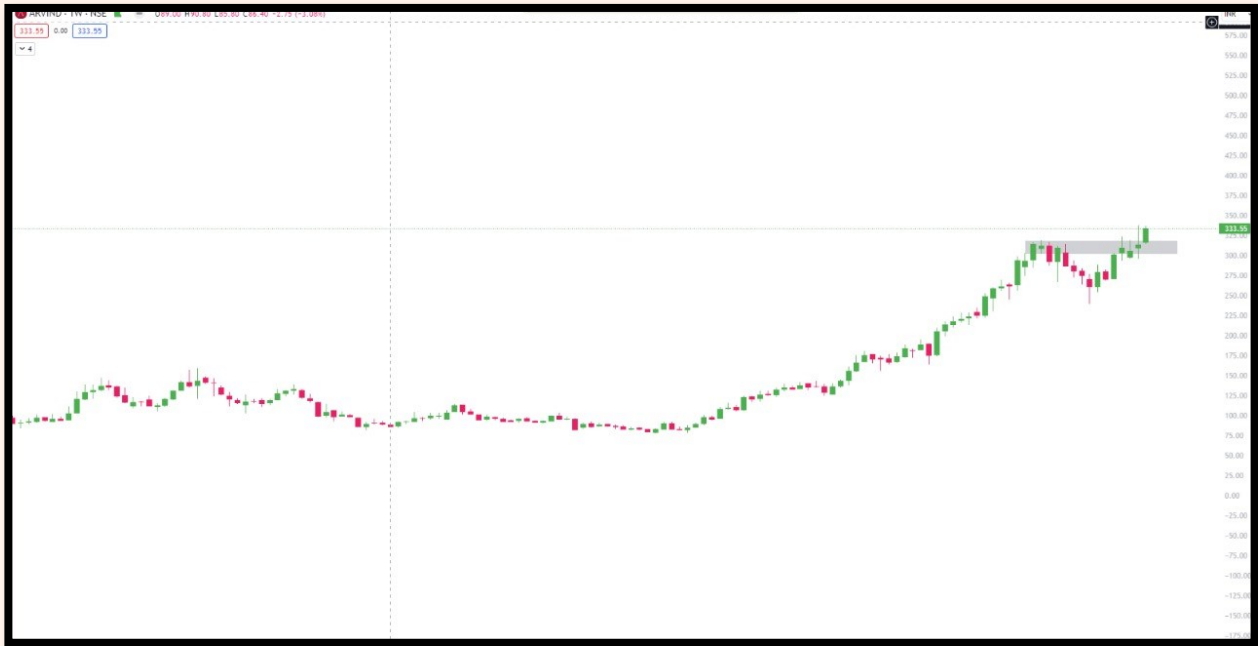
What makes this pattern particularly interesting are the shakeouts observed during both the cup formation and the handle formation stages. These shakeouts, characterized by sudden declines in price followed by recoveries, often serve to flush out weak hands and create a strong base for further price appreciation.

Additionally, volume dynamics during the handle formation phase are noteworthy, with volumes rising as the price moves from the bottom of the handle towards the breakout point at 225. This surge in volume suggests increasing buying interest and conviction among traders.

Traders looking to capitalize on this setup may consider entering a long position in LT Foods above the breakout level of 225, with a stop-loss set at 215 (closing basis). The target for this trade is set at 295, reflecting the potential upside from the breakout point.

Overall, the technical analysis points towards a bullish outlook for LT Foods, with the cup and handle pattern signaling a potential uptrend continuation. Traders should monitor price action and volume dynamics for confirmation of the breakout and trend direction.

# ARVIND LTD



Arvind Limited is currently exhibiting a compelling technical setup on its weekly charts, indicating a potential bullish trend continuation. Over the past 14 weeks, the stock has formed a cup and handle pattern, a widely recognized bullish chart pattern characterized by a rounded bottom followed by a consolidation phase forming a handle.

The breakout from this pattern occurred at the 315 levels, marking a significant bullish signal for traders. What's particularly noteworthy is that the breakout has already been tested on the daily charts, and the stock is showing signs of upward momentum.

Traders looking to capitalize on this setup may consider entering a long position on a dip to 315 or on a breakout above 340. A stop-loss can be placed at 280 (closing basis) to manage risk effectively. The immediate target for this trade is set at 440, reflecting the potential upside from the breakout point.

Overall, the technical analysis suggests a bullish outlook for Arvind Limited, with the cup and handle pattern indicating a continuation of the uptrend. Traders should monitor price action closely for confirmation of the breakout and adjust their positions accordingly.

# KARUR VYSYA BANK



Karur Vysya Bank is showing promising signs of a bullish reversal, as indicated by its recent price action on the weekly charts. Over the past 14 weeks, the stock has been forming a rounding bottom saucer pattern, which typically suggests a shift from a downtrend to an uptrend.

One of the notable aspects of this pattern is the consistent dry volume during the base formation phase, indicating a lack of selling pressure. However, last week witnessed a surge in volume as prices approached the breakout neckline, signaling increasing buying interest and potential accumulation by market participants.

Traders looking to capitalize on this setup may consider entering a long position if the stock manages to break out above the 208 levels. A stop-loss order can be placed below 190 to manage risk effectively. The immediate target for this trade is set at 245, reflecting the potential upside following the breakout.

Overall, the technical analysis suggests a bullish outlook for Karur Vysya Bank, with the rounding bottom pattern indicating a reversal of the previous downtrend. Traders should closely monitor price movements for confirmation of the breakout and adjust their positions accordingly.



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