



Gateway to your Financial Goals

Weekly Outlook: 12th May — 18th May 2024



**Oversold FII ~
Dead Cat Bounce?**

NIFTY OUTLOOK



Amidst global equity market gains, India's benchmark indices exhibited resilience on May 10th, with the Sensex surging over 260 points and the Nifty closing above the psychological 22,000 mark. Following a correction from its all-time high, the Nifty touched a low of 21,932.40 on the daily chart. However, the index opened with a noticeable gap on the said date, maintaining its position above the crucial 22,000 level, bolstered by support from the daily trend line.

Analysts emphasize viewing any potential dip towards the 22,000-21,950 range as a buying opportunity, given the presence of key daily moving averages within this zone, likely to attract buying interest. Notably, an analysis of Nifty Put options indicates a concentration of Open Interest (OI) at the 22,000 level, suggesting potential support during the current expiry. Conversely, significant OI concentrations on the Call side are observed at the 22,500 level.

Sector-wise, Nifty Metal led gains with a notable 1.5% surge, trailed by FMCG, Auto, and Pharma, each advancing by 1%. However, Nifty IT emerged as the top loser, registering a decline of 0.8%, followed by Nifty Realty and Nifty PSU Bank, down 0.4% and 0.3%, respectively.

Given the market dynamics, traders and investors are advised to remain vigilant for buying opportunities during Nifty dips, implementing appropriate stop-loss strategies below the identified support levels.



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BANK NIFTY OUTLOOK



In the latest trading session, the BANKNIFTY index concluded at 47421.10, marking a 3.07 percent decline from the previous week's close. Despite reaching a high of 49252.65, the index exhibited notable weakness, particularly on the weekly chart, where a robust support zone is observed near the 46600 levels.

However, the index faced challenges as it closed below both short-term (20 Day) and medium-term (50 Day) Exponential Moving Average (EMA) levels on the weekly timeframe, indicating a loss of strength in the short to medium term. The Relative Strength Index (RSI) momentum indicator further reinforces this sentiment, standing at 53.10 levels and showing a downward trajectory, signaling negative momentum.

Looking forward, Bank Nifty encounters formidable resistance near 48200 levels, closely aligned with its 20 Day EMA levels. Noteworthy contributions to potential upward movement are expected from AXISBANK and ICICIBANK in the private banking sector, while PSU banks like INDIANB and SBIN have the potential to outperform in the upcoming week.

On the daily charts, a subtle resistance is identified around the 47800 levels, adjacent to the 50 Day EMA levels. Traders and investors should keenly monitor price movements around this resistance for potential breakout opportunities and assess the strength of the upward momentum in Bank Nifty.



WEALTH BAGGER STOCK PICKS FOR THE WEEK



POLYCAB



Polycab, a leading player in the electrical industry, is exhibiting a significant technical pattern on its daily charts, hinting at a potential bullish breakout. The stock has formed a classic 200-day rounding bottom pattern, indicating a gradual shift from a bearish trend to a bullish one.

Notably, during the bottom formation phase, volumes remained relatively shallow, suggesting a lack of selling pressure and a possible accumulation by smart money. As the stock approached the neckline of the rounding bottom and eventually broke out, volumes surged, indicating strong buying interest and conviction among traders.

With the current price hovering around 6150, traders might consider initiating a long position, with a stop-loss at 6000 and a target price of 6500. However, prudent risk management practices should always be employed.

As investors keep a keen eye on Polycab's performance, the rounding bottom breakout could potentially signal a trend reversal, offering an opportunity for bullish momentum in the coming sessions.



NTPC, a major player in the power generation sector, is currently trading within a well-defined rising channel on its charts, spanning over a period of five months. Despite recent market corrections, the stock has approached the lower boundary of this channel, presenting an intriguing opportunity for investors.

At the current market price of 355, NTPC appears to be offering an attractive entry point for traders seeking to capitalize on the potential rebound within the established channel. With a stop-loss set at 330, investors can manage their risk while aiming for a target price of 405, reflecting the upper end of the channel.

The technical setup suggests that NTPC's underlying strength remains intact, and the stock may find support at the lower boundary of the rising channel, potentially paving the way for a bullish reversal in the near term. However, investors should exercise caution and closely monitor the stock's price action for any signs of deviation from the established pattern.

TATA MOTORS



Tata Motors, a key player in the automotive industry, has recently exhibited a significant technical development on its weekly charts, indicating a breakout from a 1p-week flat base pattern around the 1040 levels. The breakout was accompanied by substantial trading volumes, adding weight to the bullish momentum.

The pattern resembles a flat flag, suggesting a period of consolidation followed by a potential continuation of the prior uptrend. Traders and investors alike are eyeing this breakout as a signal for a possible surge in Tata Motors' stock price.

With the current market price at 1040, market participants may consider initiating long positions, setting a stop-loss at 1000 and targeting a potential upside of 1140. However, it's essential to remain vigilant and adapt to changing market dynamics.

As Tata Motors gains attention for its technical breakout, market participants are eagerly anticipating the stock's performance in the coming weeks, with hopes of capitalizing on the potential bullish momentum.



Sun TV, a prominent player in the media and entertainment industry, is poised for a significant technical breakout on its daily charts. The stock is approaching the culmination of a 55-day cup and handle pattern, a bullish continuation pattern signaling a potential upward trend continuation.

At the current price level of 678, market participants are closely monitoring Sun TV for a breakout above this key resistance level. Traders may consider initiating long positions upon confirmation of the breakout above 678, setting a stop-loss at 660 and targeting a potential upside of 720.

The cup and handle pattern indicates a period of consolidation followed by a breakout, typically accompanied by increased trading volumes, which adds credibility to the bullish bias.

As Sun TV garners attention for its imminent breakout, investors are positioning themselves strategically to capitalize on the potential upside momentum. However, prudent risk management practices should always be observed to mitigate any unforeseen market volatility.

THANK

YOU





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