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Gateway to your Financial Goals

Weekly Outlook: 21st July — 27th July 2024



Budget Bonanza...

NIFTY OUTLOOK



Nifty ended Friday's session 270 points lower at 24,531, forming a long bear candle on the daily chart and a Shooting Star candle on the weekly chart. This pattern signals potential temporary weakness in the near future. It appears the short-term trend has reversed from all-time highs, with candle patterns on both the daily and weekly charts suggesting further market decline. Key support levels to watch are around 24,200 and 24,000, with immediate resistance at 24,850.

In this volatile and non-directional market, level-based trading is ideal. The crucial support zones for bulls are at 24,500/80,400 and 24,350/80,000, with resistance at 24,850-25,000 / 81,600-82,000. Should Nifty fall below 24,350/80,000, market sentiment might shift, prompting positional traders to consider exiting long positions. For Bank Nifty, the 25-day SMA and 51,750 are immediate support zones, with resistance at 52,800 and 53,200.

A drop below 24,500 could lead to further downside toward 24,300-24,200 (20-DEMA), with significant support at 24,000. With Budget week approaching, managing risk is crucial due to rising volatility. Conversely, breaking through the record high of 24,800-24,850 may be challenging for the bulls. Nifty faces resistance at 24,850-24,900, where Fibonacci levels are placed. The negative divergence and crossover on the momentum indicator indicate ongoing weakness. Therefore, we might see consolidation in the near term ahead of key economic events, with support at 24,400-24,350 and short-term resistance at 24,730-24,780.



Anshul Jain

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BANK NIFTY OUTLOOK



BankNifty has formed a "flag in the pole" pattern on the daily chart, characterized by a 17-bar base. This bullish continuation pattern suggests a potential for further upward momentum once a breakout occurs. Currently, the critical breakout level to watch is 52,800. A successful breach of this resistance could trigger a significant rally.

As of the last Friday's close, BankNifty settled at 52,270, indicating it is still within the flag pattern. The immediate support area is identified at 51,800. This level is crucial for maintaining the integrity of the bullish pattern. A dip below this support could invalidate the bullish outlook and signal a potential trend reversal.

However, there is an increased likelihood of downward pressure due to market volatility. Tuesday's budget announcement adds to the uncertainty. If the budget fails to meet market expectations, we could witness a correction in BankNifty. Traders should exercise caution and closely monitor the breakout and support levels. Given the volatile environment, it is advisable to adopt a wait-and-see approach until the market provides clearer directional cues post-budget announcement.



WEALTH BAGGER STOCK PICKS FOR THE WEEK



SUBROS

Subros



SUBROS has recently completed a 113-day cup and handle formation, signaling a potential bullish breakout. The stock has successfully broken out above the key resistance level of 700, indicating strong upward momentum. The breakout suggests a significant bullish trend with an initial target of 800. The support level is firmly established at 650, providing a safety net for investors. As long as SUBROS maintains above this support, the bullish outlook remains intact, making it an attractive buy for momentum traders aiming for the 800 target.

Dr.Reddy's



Dr. Reddy's Laboratories has recently exhibited a bullish pattern with a cup formation on the 110-day bar chart. The stock has made a notable breakout above the crucial resistance level of 6700, signaling strong upward momentum. With immediate support at 6600, the stock is well-positioned to maintain its gains. The breakout suggests a potential target of 7200, providing a promising opportunity for investors. Traders should watch for sustained volumes to confirm the breakout and ensure the stock holds above the support level for continued bullish prospects.

GATEWAY



Gateway has recently demonstrated a significant bullish pattern with a 68-day base breakout, complemented by an inverse head and shoulders formation. This suggests a strong potential for upward momentum. The breakout level at 110 acts as a critical threshold, with a solid support level established at 100. If the stock sustains above the 110 breakout level, it is poised to reach a target of 140, indicating substantial upside potential. Investors should monitor for continued strength above 110 to confirm the breakout and target the 140 level, while keeping an eye on the 100 support as a safeguard.



CEAT Ltd. is exhibiting a strong bullish signal with a 78-day base breakout, accompanied by an inverse head and shoulders pattern. The breakout level is identified at 2700, indicating a significant shift in momentum. The stock finds support at 2610, providing a safety net for traders. With this breakout, CEAT Ltd. is poised to reach a target of 3000, suggesting a potential upside. Investors should monitor the support level closely, as maintaining it could further validate the bullish trend. This technical setup positions CEAT Ltd. as an attractive opportunity for growth-focused traders.

THANK

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