श्री LAKSHMISHREE

Gateway to your Financial Goals

Weekly Outlook: 22nd Dec — 28th Dec 2024

BREAKDOWN...?

NIFTY OUTLOOK

A Bearish Week and Key Levels Ahead

The past week was nothing short of a bloodbath for broader indices, with Nifty ending the week on a bearish Marubozu candle—an unmistakable sign of extreme pessimism. The November low of 23,263 now emerges as a logical target and support level, with markets teetering on the edge.

Institutional activity underscored the bearish sentiment. The week witnessed aggressive call writing, evident in the steady rise in open interest alongside falling call prices. Additionally, institutions have initiated heavy short positions, with 1.48 lakh contracts short in index futures and net shorts reaching 6.98 lakh contracts. The extreme oversold zone, historically marked at around 7.2 lakh contracts, looms ominously close.

For the week ahead, a downside breach of 23,263 could trigger a sharper correction as weak longs are eliminated, with 23,000–23,100 emerging as a critical support zone. Any rally attempt is likely to face stiff resistance near 23,750, adding pressure to a precarious market setup.

Investors should brace for heightened volatility as the bearish grip tightens. Staying cautious and monitoring institutional positions will be key in navigating the week ahead. The test of critical support levels could define the next phase for the markets.

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BANK NIFTY OUTLOOK

Testing November Lows Amid Bearish Momentum

Bank Nifty concluded the week with a bearish Marubozu candle, engulfing the last four weeks of bullish price action and signaling a decisive shift in market sentiment. The index appears poised to test its November lows, aligning closely with the yearly VWAP at 49,500—a critical support level that could determine the near-term direction.

Institutional activity remains strongly skewed towards the bearish side, with significant short positions dominating the futures market. This underlines the lack of confidence in a sustained recovery, despite short-term attempts to rally. As a result, any upward movement toward 51,200 is likely to face considerable resistance and should be seen as an opportunity to build or add to short positions.

The weight of institutional shorts, coupled with the sharp bearish reversal, hints at potential downside risk in the coming sessions. A breach of 49,500 could trigger further selling pressure as weak long positions are liquidated. Traders should exercise caution, as the index navigates volatile waters, and maintain a sharp focus on key resistance and support levels.

This bearish setup emphasizes the importance of tactical positioning, with rallies offering a strategic entry for shorts. Monitoring institutional flows and critical technical levels will be essential to capitalizing on market movements.

Power play Stock Picks For The Week

MAYUR UNIQUOTERS

MAYUR UNIQUOTERS LTD

Mayur Uniquoters has been consolidating within a solid 360-week base, showcasing long-term strength and accumulation. Recently, the stock has formed a bullish 3-VCP (Volatility Contraction Pattern), a classic setup that signifies reduced volatility and preparation for an upward move.

The stock has broken out of a key resistance level at ₹620, supported by strong volume, confirming the validity of this breakout. The breakout suggests a shift in momentum and indicates the potential for a sustained rally. Traders and investors can consider entering near the breakout level, maintaining a stop loss below ₹570 on a closing basis to safeguard against downside risk.

The technical setup points to a potential target of ₹800 in the coming days, supported by the breakout's measured move. Continued strength above ₹620, along with broader market stability, will likely enhance the stock's upward trajectory.

MEGASOFT

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Megasoft has been consolidating for the past 70 weeks, forming a strong base that signals long-term accumulation. Recently, the stock has exhibited a pole and flag pattern, a classic bullish continuation setup. This pattern is marked by a sharp rally (the “pole”) followed by a narrow consolidation (the “flag”), reflecting temporary profit booking before a potential breakout.

The stock has broken out of the consolidation range above ₹87, backed by increasing volumes, indicating renewed buying interest. Traders can look to enter near this breakout level, with a stop loss below ₹75 to manage downside risk.

The technical projection for this pattern suggests a potential target of ₹120 in the coming days. The overall trend remains positive, and sustained momentum above the breakout zone could drive further gains. Regular monitoring of volume and broader market sentiment will help confirm the stock’s bullish trajectory.

ALPHAGEO

Alphageo has been forming a strong base on the weekly chart, consolidating for 153 weeks. Recently, the stock has developed a classic cup and handle pattern, signaling a bullish continuation setup. This pattern is characterized by a rounded bottom (the "cup") followed by a short consolidation (the "handle"), which indicates accumulation and strength.

The stock has shown a breakout above the key resistance level of ₹440, backed by healthy volumes, suggesting a potential upward trajectory. Traders can consider entering near the breakout point, with a stop loss below ₹410 on a closing basis to manage risk effectively.

The technical structure projects a possible upside target of ₹550 in the upcoming days, aligning with the measured move of the pattern. Sustained buying and volume confirmation above the breakout zone will add conviction to this bullish setup. Monitoring market trends and broader sentiment is advised.

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