श्री LAKSHMISHREE

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WEEKLY OUTLOOK

28TH JANUARY – 3RD FEBRUARY 2024

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Nifty Outlook

For the second consecutive week, the Nifty 50 closed in the negative as banking heavyweights underperformed, and concerns over geopolitical tensions and rising US bond yields affected investor sentiment.

During a shortened trading week with only three open sessions due to public holidays, the Nifty 50 struggled, largely influenced by the continued underperformance of banking giants, impacting the overall index performance.

Diminished expectations of an early rate cut by the US Fed, geopolitical tensions in the Red Sea, and the rise in US bond yields contributed to a dampened investor sentiment. Consequently, investors opted to book profits amid a substantial rally in the Indian stock market in CY23, where stocks traded at expensive valuations. This led to a withdrawal of ₹12,140 crore by Foreign Portfolio Investors (FPIs) from Indian equities in the week.

The ongoing Q3 FY23 earnings season failed to provide the expected momentum, with banks facing challenges related to tightening credit costs affecting Net Interest Margins (NIMs). Despite positive metrics like loan growth and asset quality, concerns arose due to the decline in NIMs, impacting investor confidence. Analysts predict continued pressure on NIMs for the next 2–3 quarters.

Mixed earnings from major IT companies and weak results from FMCG major Hindustan Unilever (HUL) further contributed to cautious investor behavior. Additionally, worries about rising crude oil prices and reports of China injecting funds into its declining stock market added to investor concerns, potentially affecting FPI flows given the already high valuations in the Indian market.

Amid these challenges, the Nifty 50 concluded the week with a decline of over 1%, settling at 21,352 points. Among the index constituents, 27 ended the week in the red, with Asian Paints leading the decline. On the positive side, Bajaj Auto and Bharti Airtel touched new all-time highs, while power-related stocks NTPC and Power Grid Corporation also achieved new highs.

As the broader market struggles with high valuations, mixed results, and geopolitical tensions, coupled with the impact of an F&O expiry, the market outlook remains uncertain. Moving forward, global factors such as policy rate decisions in major countries will influence the market, and stock-specific actions are expected during the ongoing earnings season.

Major support levels for the upcoming week are identified at 21,200, with the rising 20-day moving average at 21,020 considered a key level. Rallies may encounter resistance at 21,500, and a breakout above this level could lead to further gains towards 21,750.

Wealth Bagger Stocks

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- RITES
- CENTRUM
- CARE RATING
- WEBEL SOLAR

RITES

When To Enter?

On Pull Back to 660.

When to Exit?

When the stocks trades above Rs 800 or closed below Rs 600 post breakout.

How much is the risk?

On a risk of Rs 60 the expected upside is Rs 140. A Risk Reward ratio of 1:2.

Why to buy this stock?

The stock has given a bullish breakout of a Cup & Handle pattern.

CENTRUM

When To Enter?

On breakout above Rs 35.

When to Exit?

When the stocks trades above Rs 50 or close below Rs 31 post-breakout.

How much is the risk?

On a risk of Rs 4 the expected upside is Rs 15. A Risk Reward ratio of 1:3.75

Why to buy this stock?

The stock is forming a bullish Rounding Pattern.

CARE RATING

When To Enter?

On breakout above Rs1040.

When to Exit?

When the stocks trade above Rs 1200 or close below Rs 980 post-breakout.

How much is the risk?

On a risk of Rs 60, the expected upside is Rs 160. A Risk Reward ratio of 1:2.5.

Why to buy this stock?

The stock is forming a bullish FLAT Base.

WEBEL SOLAR

When To Enter?

On breakout above 335.

When to Exit?

When the stocks trade above Rs 400 or close below Rs 300 post-breakout.

How much is the risk?

On a risk of Rs 35, the expected upside is Rs 65. A Risk Reward ratio of 1:2.

Why to buy this stock?

The stock has given breakout of Base on Base Pattern

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