श्री LAKSHMISHREE

Gateway to your Financial Goals

Weekly Outlook: 30th June — 6th July 2024

Dark Cloud Cover Ahead .....!

NIFTY OUTLOOK

Nifty has shown signs of exhaustion, having swept Friday's high and closed below it on the last trading day of the week. This price action suggests a potential reversal and exhaustion of the bullish momentum. If a follow-through sell-side candle appears, it will confirm an evening star pattern on the daily chart, which is typically a bearish signal.

Additionally, the FII (Foreign Institutional Investors) data indicates an extreme overbought condition. FIIs hold 4.47 lakh contracts long on the index, a level not seen since 2017. This significant long position heightens the risk of a market correction as it suggests limited room for further upside. Historically, such levels have often preceded market corrections.

Looking ahead to the coming week, we anticipate a correction in the Nifty towards the 23,850 level. Should this support level be breached, the next target is likely around 23,600. The RSI (Relative Strength Index) on the daily chart is in the overbought zone, and there is negative divergence on the weekly chart, both of which reinforce the likelihood of a downward move.

In summary, traders should prepare for potential downside risk and consider adjusting their positions accordingly. Monitoring the formation of bearish patterns and FII activity will be crucial in anticipating market movements.

Support Levels: 23,850 and 23,600

Indicators: RSI overbought on daily, negative divergence on weekly

FIIs Position: 4.47 lakh contracts long (overbought)

Caution is advised as the market shows signs of a possible correction.

Anshul Jain

Sr. Research Analyst

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BANK NIFTY OUTLOOK

Bank Nifty has formed a confirmed bearish evening star pattern on the last trading session of the week, signaling potential bearish momentum ahead. This technical pattern often indicates a reversal, and with the confirmation, it suggests that Bank Nifty is poised for a correction in the coming week.

The immediate support level for Bank Nifty is at 52,150. If this level is breached, the next logical target is 51,600. The weekly RSI (Relative Strength Index) has reached the overbought zone, further reinforcing the likelihood of a downward movement as the index corrects from its recent highs.

In addition to the technical signals from Bank Nifty, several heavyweights within the banking sector are also due for corrections. HDFC Bank, ICICI Bank, and Axis Bank are showing signs of impending pullbacks. These three major players contribute significantly to the overall performance of Bank Nifty, and their corrections will likely amplify the bearish sentiment in the index.

Traders should be prepared for potential downside risks and consider adjusting their positions accordingly. Monitoring the key support levels and the performance of the major banking stocks will be crucial in navigating the market movements. The anticipated corrections in these heavyweight banks could set the tone for Bank Nifty's performance in the week ahead.

Support Levels: Immediate at 52,150; next target at 51,600

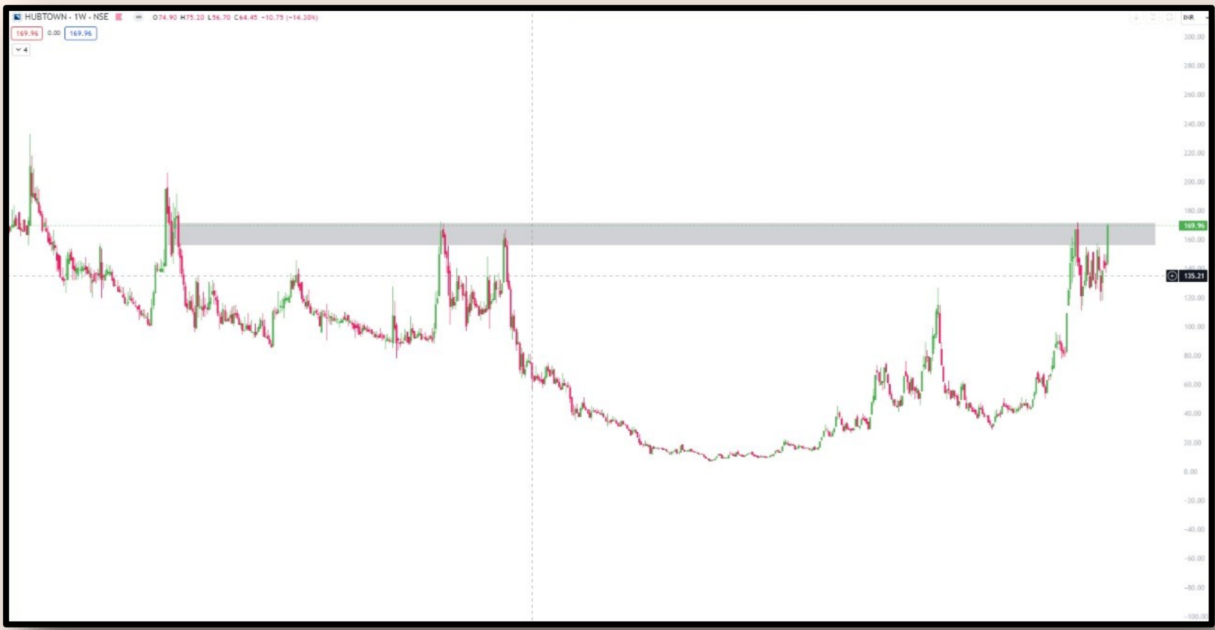
Indicators: Weekly RSI overbought, confirmed bearish evening star

Key Stocks: HDFC Bank, ICICI Bank, Axis Bank due for correction

Given these signals, caution is advised as Bank Nifty shows signs of initiating a correction phase.

Wealth Bagger Stock Picks For The Week

HUBTOWN



Hubtown has formed a 20-week long flat base on the weekly charts and has given a bullish breakout at 165. The volume remained dried up during the base formation, which is a positive sign, and significantly increased on the breakout, indicating strong buying interest. This breakout suggests a potential upward move, making it a promising opportunity for investors.

Currently, the stock is a buy above 172, with a stop-loss set at 150 on a closing basis. The target for this breakout is set at 225. The combination of a flat base and volume pattern reinforces the bullish outlook, providing a favorable risk-reward scenario for traders and investors.

Recommendation:

Buy above: 172

Stop-Loss: 150 (closing basis)

Target: 225

APOLLO TYRE

Apollo Tyre has formed a 23-week long rounding bottom pattern on the weekly charts and is on the verge of a breakout above 545. The base of this formation is extremely smooth, with lower volumes during its development, which is a positive sign. As the stock approached the neckline, the volumes increased, indicating a buildup of buying interest.

This setup suggests a potential for significant upward movement. Investors are advised to buy above 545, with a stop-loss set at 510 on a closing basis. The target for this breakout is set at 650. The combination of the smooth base and rising volumes approaching the breakout reinforces the bullish outlook, presenting a promising opportunity for traders and investors.

Recommendation:

Buy above: 545

Stop-Loss: 510 (closing basis)

Target: 650

UMANG DAIRY

Umang Dairy has broken out of a bullish cup and handle pattern on the weekly chart. This formation spans over 150 weeks, indicating a significant long-term base. The breakout is accompanied by a substantial surge in volume, signaling renewed upward strength. The pattern's base shows shallow volumes, while the breakout volume is substantial, further confirming the bullish sentiment. Currently, the stock is a buy at the market price of 108, with a stop-loss set at 90 on a closing basis. The target is set at 160. This breakout suggests a strong upward momentum, making it a promising addition to a technical portfolio. The long consolidation period adds to the strength of this breakout, offering a favorable risk-reward scenario for investors.

Recommendation:

Buy at: 108

Stop-Loss: 90 (closing basis)

Target: 160

RKEC

RKEC has formed an extensive base over 155 weeks on the weekly charts. Despite the cup's wide depth, the prolonged formation period mitigates its impact. The handle, developed over 19 weeks, has successfully broken out at the 115 level. This breakout suggests a strong upward momentum. Currently, the stock is a buy at the current market price of 115, with a stop-loss set at 90 on a closing basis. The target is set at 190. This pattern indicates a potential for significant gains, making it a promising addition to a technical portfolio. The long consolidation period adds to the strength of this breakout, providing a favorable risk-reward scenario for investors.

Recommendation:

Buy at: 115

Stop-Loss: 90 (closing basis)

Target: 190

THANK YOU

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CIN No U74110MH2005PLC157942 | BSE-3281| NSE-12817 | MCX-55910 |DP:IN-DP-CDSL-490-2008 | DPID:12059100| SEBI Regn. No.: INZ000170330 | Mutual Fund: ARN-77739 |

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