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**Weekly Outlook: 12th Jan — 18th Jan 2025**



# **DARK CLOUD COVERS?**

# NIFTY OUTLOOK



## Bears Dominate as Nifty Falls Below 23,350

On January 10, the Indian stock market closed lower, with the Nifty slipping below 23,350 in a volatile session. Indices opened higher but quickly erased gains, weighed down by broad-based selling in small- and mid-cap stocks. IT stocks were the only bright spot, as TCS posted strong Q3 earnings. For the week, both Nifty and Sensex have dropped over 2%, reflecting weak sentiment.

The Nifty remains below its 200-day EMA for the third straight session, signaling bearish momentum. Immediate support is at 23,265, with further downside likely toward 23,000 and 22,500 if this level breaks. Resistance lies at 23,800 and 24,000; a decisive move above 23,800 is needed for any bullish reversal.

Technical indicators point to caution. The RSI at 37 and a bearish stochastic RSI crossover suggest weak momentum. High valuations, Q3 earnings concerns, and global uncertainties have amplified selling pressure.

Traders should consider short positions near 23,800 with a stop-loss at 24,000. Investors are advised to wait for corrections near support to accumulate quality stocks. Monitoring global cues and domestic earnings will be crucial in navigating ongoing volatility.



**Anshul Jain**

Sr. Research Analyst

# BANK NIFTY OUTLOOK



## Bearish Momentum Continues

The BANKNIFTY index ended the week at 48,734.15, down 4.42% from the previous close, signaling a bearish trend. A Bearish Marubozu candle on the weekly chart underscores strong selling pressure, reflecting market indecision and weakening bullish sentiment. This pattern indicates a high likelihood of further downside in the near term.

Technically, BANKNIFTY closed below its 20-day and 50-day EMAs, with support now seen near 47,300. Resistance is expected in the 50,400–51,000 range, and a "sell on rise" approach is advised while the index stays below 51,000. Immediate downside targets are 48,400 and 47,900.

The RSI at 41 signals declining momentum. Key stocks like KOTAKBANK and ICICIBANK in the private sector and CANBK and BANKBARODA in the public sector may remain under pressure.

Options data suggests a trading range of 48,000–50,000, with significant put open interest at 48,500 and 48,000 indicating support levels, while call options at 49,000 and 50,000 highlight resistance zones.

Traders should stay cautious, avoid overnight long positions, and use strict stop-losses to manage risks in this volatile environment. Monitoring global cues and sector-specific developments will be critical in navigating the trend.



# POWER PLAY STOCK PICKS FOR THE WEEK



# Infosys



Infosys (INFY) has been trading in a well-defined base formation for 233 days, providing a strong consolidation phase. Recently, the stock has shown signs of a potential breakout by forming an inverted head and shoulders pattern, a bullish technical indicator. The breakout level is observed around ₹1980, with a stop loss placed below ₹1920 to manage downside risks.

The target for the pattern is projected at ₹2100, considering the measured move from the neckline to the head's lowest point. If the breakout sustains with increased volume, it could signal the beginning of a new uptrend. Traders should monitor key levels closely, including ₹1980 as the critical support-turned-resistance post-breakout.

Momentum indicators like RSI and MACD can also provide confirmation, enhancing the probability of reaching the target. Overall, INFY shows promising bullish potential in the coming days.



Uno Minda stock has recently shown strong technical patterns, indicating a potential bullish breakout. Over the past 71 days, the stock has been forming a classic 3 VCP (Volatility Contraction Pattern), with resistance around 1120. A breakout above this level could signal further upward momentum, making it attractive for short to medium-term traders. The immediate target (TGT) is set at 1300, with a stop-loss (SL) positioned at 1050 to manage downside risk.

The consistent contraction in volatility reflects accumulation, supported by steady price action and higher volume near key resistance levels. Traders should monitor price movement closely as the stock may enter a new rally phase if it sustains above 1120. Given the overall positive market sentiment and Uno Minda's strong fundamentals, this technical setup offers a favorable risk-reward ratio. Maintaining discipline with the SL is crucial for capital preservation.



Pricol Ltd stock has been in a consolidation phase for the past 110 days, forming a Cup and Handle pattern, a bullish continuation signal. This technical setup suggests that the stock may soon experience an upward breakout, with a key resistance level at 565. A sustained breakout above this level could trigger a sharp rally, with an immediate target (TGT) of 660 in the coming days.

The ideal stop-loss (SL) for this trade is placed at 520, ensuring limited downside risk if the breakout fails. The Cup and Handle pattern typically indicates a strong accumulation phase, which, coupled with increased trading volumes near the resistance, reinforces the bullish outlook. Traders should closely watch for a decisive move above 565, as this could confirm the breakout and attract further buying interest. Pricol Ltd's technical setup presents a favorable opportunity with a well-defined risk-reward ratio.



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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 |

Research Analyst: INH000014395

**Registered Office:**

Unit No 407, IV Floor, Marathon Icon , Ganpat Rao Kadam Marg, Mumbai-400013, Lower Parel

Contact No: (022) 43431818

**Corporate Office:**

Shree House C-29/61-5 Teliyabag Varanasi, UP 221002

Contact No: (0542) 6600000

**Regional Offices:**

Kolkata, Ahmedabad, Jaipur, Kanpur, Delhi, Ujjain.



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