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Weekly Outlook: 18th Aug — 24th Aug 2024



WILL BREAKOUT SUSTAIN?

NIFTY OUTLOOK



Next week, Nifty is expected to maintain its positive momentum, supported by robust global cues and strong sectoral performances, particularly in IT, Realty, Auto, and Banks. After a recent consolidation phase, Nifty has formed a crucial support at 24,200, with a deeper safety net at 24,000. If the index holds above these levels, we could see a continuation of the broader uptrend. On the resistance side, Nifty needs to clear 24,670 to potentially target the psychological level of 25,000.

Traders should consider trailing their stop losses to secure profits while maintaining a positive bias. A sustained move above the resistance could invite fresh buying, pushing the index higher. However, any breach below the support levels could lead to a downside correction, so cautious optimism is advised.

Sectorally, opportunities in IT, Realty, Auto, and Banks could yield short-term gains as these sectors exhibit bullish momentum. Monitoring global market developments and domestic economic indicators will also be key in navigating next week's market moves.



Anshul Jain

Sr. Research Analyst

BANK NIFTY OUTLOOK



Next week, Bank Nifty is likely to continue its consolidation within a defined range, with strong support established around 49,650. This level coincides with the 50% retracement of the recent upmove, making it crucial for maintaining the index's bullish structure. A sustained hold above this support could trigger an upward move, especially if the index breaks through the immediate resistance at 50,800. If this level is crossed, Bank Nifty could rally towards 51,500.

The Relative Strength Index (RSI) on the daily charts has given a positive crossover, signaling potential bullish momentum. Traders should monitor these key levels closely and maintain a positive bias, but remain cautious of any downside pressure that might emerge from global cues or sector-specific developments.

Overall, a cautious yet optimistic approach is advised for Bank Nifty, with opportunities likely in the banking sector if the index maintains its positive trajectory.



WEALTH BAGGER STOCK PICKS FOR THE WEEK





ESTER is showing strong bullish potential as it forms an 80-day breakout with a classic cup and handle pattern, a well-known continuation pattern signaling further upside. The breakout level is confirmed at 150, which, if sustained, could lead to significant gains. The handle formation indicates a brief consolidation before the stock rallies again. The immediate target is set at 200, reflecting a substantial upside. A stop-loss is prudently placed at 135, just below the handle's low, to manage risk effectively.

The technical setup suggests a favorable risk-reward ratio, with the stock likely to gain momentum once it decisively breaks above 150. Traders should watch for volume confirmation on the breakout to validate the pattern.



SUBROS has been consolidating within a well-defined base for the past 189 days, showcasing resilience against broader market volatility. The stock has now formed a textbook bar box breakout pattern, with a decisive breakout above the 750 level. This breakout is significant as it signals the end of a prolonged consolidation phase, indicating the potential for a strong upward move. The breakout is confirmed with increased volume, suggesting strong buying interest. A stop-loss at 710 is prudent to protect against any false breakouts or market pullbacks.

Given the pattern's strength and the broader market sentiment, SUBROS appears poised for a rally towards the 850 level, where the next resistance lies. This target represents a healthy upside, making SUBROS an attractive buy candidate for both short-term traders and long-term investors. Keep a close eye on volume and price action to confirm the breakout's sustainability.

STERLING TOOLS



Sterling Tools is exhibiting a bullish flag pattern, characterized by a 72-day consolidation phase, following the formation of a strong pole. The stock has recently broken out above the 435 level with notable volume in the last two weeks, indicating strong buying interest. This breakout confirms the continuation of the prior uptrend, with a potential upside target of 520. The breakout is well-supported by volume, reinforcing the likelihood of sustained momentum.

A stop-loss at 395 is recommended to manage downside risk, as a breach of this level would invalidate the flag pattern. Overall, Sterling Tools presents a compelling bullish setup with a favorable risk-reward ratio.

SUNDARAM BANK



SUNDRMBRAK is showing strong bullish momentum, forming a 358-bar base on the weekly chart, with a classic cup and handle pattern. The stock is on the verge of a significant breakout above 890, which is a critical resistance level. A successful breach of this level could propel the stock towards the projected target of 1100, offering an attractive upside potential.

The support at 830 serves as a solid stop-loss, ensuring risk management. The extended base formation indicates strong accumulation, and a breakout could lead to substantial gains. Traders should watch for volume confirmation to validate the breakout.

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