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**Weekly Outlook: 19th May — 25th May 2024**



# Breakout...?

# NIFTY OUTLOOK



Nifty recently established a strong support base in the 21900-21800 range, witnessing a robust rebound from these levels. Despite persistent high volatility throughout the week, the mid-week dip during the weekly expiry session was met with significant buying interest, allowing the index to resume its upward trajectory. The RSI on both daily and weekly charts is in positive territory, indicating sustained bullish momentum. FIIs continue to hold a substantial number of short positions in index futures, with a Long Short Ratio around 28 percent. If the current uptrend persists, the potential short covering by FIIs could further fuel the rally.

Although Nifty remains below its previous swing high, broader market indices such as midcaps and smallcaps have been charting new record highs. Immediate support for Nifty is identified around the 22300 level, suggesting that any dips should be considered as buying opportunities. On the higher side, the index could soon attempt to reach new record highs. Traders are advised to maintain a stock-specific focus and closely monitor the development of option chain data, earnings reports, and global events. Key factors to watch include geopolitical tensions, movements in the dollar index, bond yield fluctuations, and commodity prices, all of which could impact market sentiment and direction.



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# BANK NIFTY OUTLOOK



Bank Nifty is forming a Volatility Contraction Pattern (VCP) on the daily charts, with a few failed attempts to break out. The index is currently heading towards the neckline resistance at approximately 48635 levels. Notably, both the monthly and quarterly VWAP are positioned at 48260, which will act as a significant resistance zone. Hence, the 48260-48635 range is a critical resistance area. A close above this range will signify a fresh breakout, potentially propelling the index towards the 50000 mark initially.

On the downside, support levels are identified at 47500 and 47200. Traders should closely monitor these levels for potential buying opportunities on dips. The RSI remains in positive territory, indicating continued bullish momentum. The immediate focus should be on the 48260-48635 resistance range, as a sustained close above this zone will likely trigger further upward movement. Keep an eye on volume patterns during the breakout attempts, as rising volumes will confirm the strength of the breakout.



# WEALTH BAGGER STOCK PICKS FOR THE WEEK





# ASHIMA LTD



Ashima Ltd. (ASHIMASYN) has recently exhibited a bullish breakout on the daily chart, forming a classic Cup and Handle pattern. The breakout occurred at the 24 level, marking a significant technical development. This pattern is often a reliable indicator of potential upward movement, especially when accompanied by specific volume characteristics.

During the base formation of the Cup and Handle, the volume remained relatively shallow, indicating limited selling pressure and a consolidation phase. This is a positive sign as it suggests the stock was gathering strength and shaking out weaker hands. As the price approached the breakout point of 24, there was a noticeable increase in trading volume, confirming the breakout's validity. The surge in volume is a crucial indicator, as it demonstrates strong buying interest and investor confidence.

Technical traders are advised to buy Ashima Ltd. at the current market price (CMP) of 24. To manage risk, a stop-loss (SL) should be set just below the recent support level at 22. The immediate target for this bullish move is projected at 28, aligning with the pattern's implications and potential upside.

# GREENPLY INDUSTRIES



Greenply Industries Ltd. (GREENPLY) is currently exhibiting a bullish setup on the daily chart, characterized by a consolidation phase above the breakout of a rounding bottom pattern. This pattern is significant as it often marks the end of a downtrend and the beginning of a new upward trajectory.

The stock has broken out from a rounding bottom pattern, a formation known for its reliable indication of a bullish reversal. Post-breakout, Greenply is consolidating just above the breakout level, indicating that the stock is pausing before potentially continuing its upward movement. During this consolidation phase, trading volumes have been relatively dull, which is typical as the stock gathers strength for the next move.

A breakout above the 260 level, accompanied by rising volumes, would confirm the continuation of the bullish trend. Traders are advised to enter positions above 260 to capitalize on the expected upward momentum. The recommended stop-loss (SL) is set at 230 to manage downside risk, with an immediate target (TGT) of 340, aligning with the projected move from the rounding bottom pattern.

This technical setup suggests a strong potential for gains, provided the breakout occurs with significant volume, confirming the bullish sentiment in Greenply Industries Ltd.

# BOMBAY DYEING



Bombay Dyeing (BOMDYEING) is currently forming a compelling cup and handle pattern on the daily chart, extending over a period of 50 days. This pattern is widely regarded as a bullish continuation pattern, often signaling the resumption of an uptrend following a consolidation phase.

The cup and handle pattern is characterized by a rounded bottom (the cup) followed by a tighter consolidation phase (the handle). In this case, the handle has formed with a notably tight price range, indicating reduced volatility and strong accumulation. The breakout level is identified at 189, which, once surpassed, is expected to trigger a significant upward movement.

A successful breakout above the 189 level, particularly if accompanied by increased trading volumes, would validate the pattern and likely propel the stock towards its immediate target of 235. Traders are advised to place their buy orders above the breakout level of 189 to capitalize on the anticipated bullish momentum. A stop-loss should be set at 175 post-breakout to mitigate downside risk.

This technical configuration presents an attractive trading opportunity, with the potential for substantial gains if the breakout is confirmed by robust volume activity, affirming the bullish sentiment for Bombay Dyeing.

# BRITANNIA



Britannia (BRITANNIA) is exhibiting a bullish Volatility Contraction Pattern (VCP) on the daily charts, with the neckline positioned at 5250. This pattern, characterized by successively tighter price ranges, suggests accumulating strength and reduced volatility, often preceding a breakout.

Traders are advised to take a preemptive buy position at 5095, with a stop-loss set below 5000 to manage risk. Should the stock break above the 5250 neckline, it indicates the resumption of the bullish trend. Adding to positions above 5250 can capitalize on the breakout momentum. The eventual target for this VCP breakout is projected at 5750, offering a favorable risk-reward setup.



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