

Weekly Outlook: 25th Aug — 31st Aug 2024



**POWER PLAYS:
BULLISH BREAKOUTS
ON THE HORIZON!**

NIFTY OUTLOOK



As we look ahead to the next week, the Nifty 50 index is poised at a critical juncture, capturing the attention of traders and investors alike. After breaking free from a narrow trading range, the index has surged past key levels, signaling potential for further gains. But will the bulls maintain their grip?

The 21-day moving average has been a solid backbone for Nifty, offering robust support that has helped the index push higher. This technical indicator, often watched closely by market participants, suggests that the overall trend remains favorable. Adding to this optimistic outlook, the Relative Strength Index (RSI) is teetering around 67—a level that, while close to the overbought zone, still leaves some headroom for the rally to continue.

However, it's not all smooth sailing. The market is nearing a significant resistance zone between 24,750 and 24,800. Breaking this level could set the stage for a fresh rally, but failure to do so might lead to a temporary retreat. Traders should be vigilant, as the RSI indicates that the market could soon face selling pressure, potentially triggering a short-term pullback.

In essence, the upcoming week could see Nifty continue its upward journey, but with a cautious eye on the overbought indicators. This makes it a crucial period for traders looking to capitalize on the momentum while remaining alert to possible correction.



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BANK NIFTY OUTLOOK



As we gear up for the upcoming week, all eyes are on Bank Nifty, which has been navigating through a challenging yet promising landscape. The index has shown remarkable resilience, but the big question is: Can it break through the barriers ahead and continue its upward journey?

Bank Nifty has been flirting with its 50-day Exponential Moving Average (EMA), a crucial support level that has kept the index afloat amid market fluctuations. This EMA has been a stronghold, and staying above it could signal further bullish momentum. However, the index is now approaching a critical resistance zone between 50,750 and 51,000. A breakthrough here could ignite a new wave of optimism, driving the index to new highs. But, if Bank Nifty stumbles at this hurdle, we could see a pullback, offering a fresh buying opportunity for those waiting on the sidelines.

Adding to the intrigue, the Relative Strength Index (RSI) for Bank Nifty is edging closer to the overbought zone, reflecting the current bullish sentiment. While this suggests strength, it also warns of potential profit-taking, which could trigger short-term volatility. Traders should keep a keen eye on how the index behaves around these key levels, as the next few sessions could be pivotal.

In essence, Bank Nifty is at a crossroads. The next week will determine whether the bulls can drive the index past its resistance or if we'll see a consolidation phase, offering traders a chance to recalibrate their strategies.



POWER PLAY STOCK PICKS FOR THE WEEK





JSW Energy Ltd has formed a strong technical setup with a 140-day base consolidation pattern, indicating a period of accumulation. The stock is now positioned in a "pole and flag" pattern, a bullish continuation formation that suggests further upward movement following the consolidation. The breakout level for this stock is at ₹720, and a close above this level would confirm the breakout, signaling a potential uptrend.

On the downside, a stop-loss should be placed at ₹680 on a closing basis, which acts as a crucial support level. The pole and flag pattern suggests that once the breakout occurs, the stock could rally towards an initial target of ₹850, aligning with the next major resistance zone. The consolidation phase and the clear breakout structure make JSW Energy a promising candidate for short- to medium-term gains, with bullish momentum expected to continue if the breakout holds.

SENCO GOLD



Senco Gold Ltd has shown strong technical performance over the past few months, building a solid base within a 90-day consolidation phase. This phase, often referred to as a "base box," indicates a period of accumulation where the stock has moved within a narrow range, suggesting that investors are positioning for a potential breakout. The key breakout level for Senco Gold is at ₹1,140. If the stock successfully moves above this level with strong volume, it could confirm an upward trend, providing a bullish signal.

On the downside, a stop-loss should be set at ₹1,040 to manage risks. This level represents a crucial support zone, and a breach below this point may invalidate the bullish setup. The initial target following a successful breakout is set at ₹1,400, which aligns with the next resistance level and reflects a strong potential for gains. With the ongoing consolidation, the breakout could be imminent, making this stock an attractive opportunity for technical traders looking for a breakout play. Maintaining a close watch on price action around the ₹1,140 mark will be crucial in the coming days.



JK Cement Ltd is showing strong technical signs within the cement industry, which has performed well this quarter. The stock has built a 119-bar base and is forming a classic "cup and handle" pattern, which is typically seen as a bullish continuation signal. This pattern suggests that the stock has undergone a consolidation phase and is now preparing for a potential breakout.

The ideal buying zone is above ₹4,420, which would confirm the breakout from the handle formation. This level indicates strength and a shift towards upward momentum. A stop-loss should be placed below ₹4,290 to manage downside risk, as this represents a key support level within the pattern. If the breakout is confirmed, the first target is set at ₹4,600, indicating further upside potential. This technical setup, combined with strong sector performance, positions JK Cement as an attractive buy for traders seeking growth in the near term.

BHARTI AIRTEL



Bharti Airtel Ltd (BHARTIARTL) is currently positioned in a strong technical setup, displaying a 40-day base box consolidation. The stock has shown steady accumulation, indicating growing investor confidence. Over the last 16 days, it has formed a "cup and handle" pattern, which is considered a bullish continuation signal, typically suggesting a breakout is imminent.

The breakout level to watch is ₹1,510, where buying momentum is likely to accelerate. This level represents a key resistance point, and a move above it confirms the breakout from the handle formation. A stop-loss should be placed at ₹1,460, which serves as critical support in the pattern. If the breakout holds, the next target for the stock is ₹1,650, reflecting strong potential for upward movement in the coming days. With the combination of consolidation and bullish patterns, Bharti Airtel presents a favorable opportunity for technical traders aiming for growth.

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