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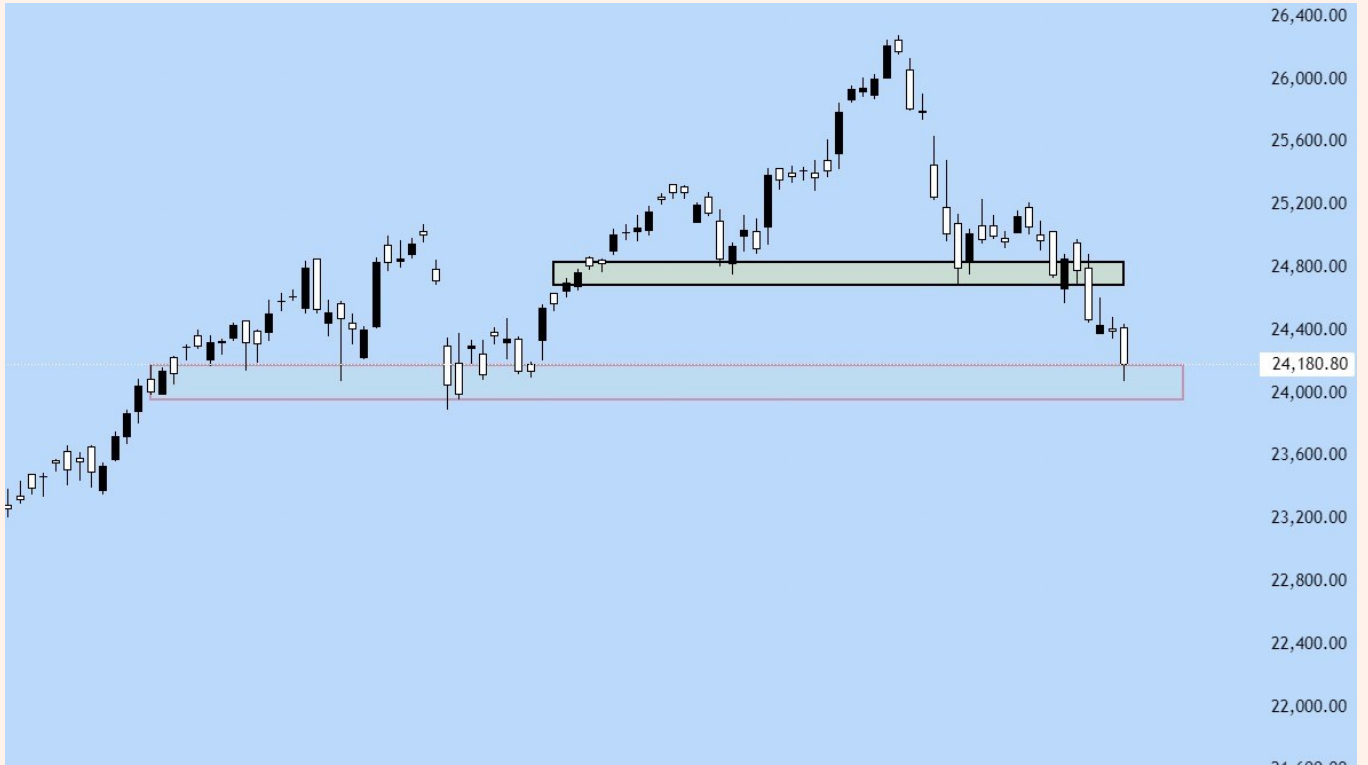
*Gateway to your Financial Goals*

**Weekly Outlook: 27th Oct — 2nd Nov 2024**



# **BOUNCEBACK...!**

# NIFTY OUTLOOK



## Market Correction Deepens: Diwali 2024 Insights for Investors

The Indian stock market continues to face heightened volatility, with Friday's trading session marking another sharp drop. The Sensex fell by 687 points (0.85%) to 79,370, while the Nifty declined by 261 points (1.07%) to 24,138.25, bringing a fifth consecutive day of losses as tepid corporate earnings, persistent FII outflows, and uncertainties surrounding the U.S. election weighed on sentiment.

As Diwali 2024 nears, the Nifty has corrected by over 2,200 points from its recent peak, translating to an 8.39% decline. This downward trend is apparent in the lower highs and lower lows visible on the weekly chart, where Elliott Wave analysis suggests a potential continuation of this corrective phase. According to key Fibonacci levels, 24,000 and 23,650 could serve as crucial support zones for the Nifty, possibly marking points of stabilization.

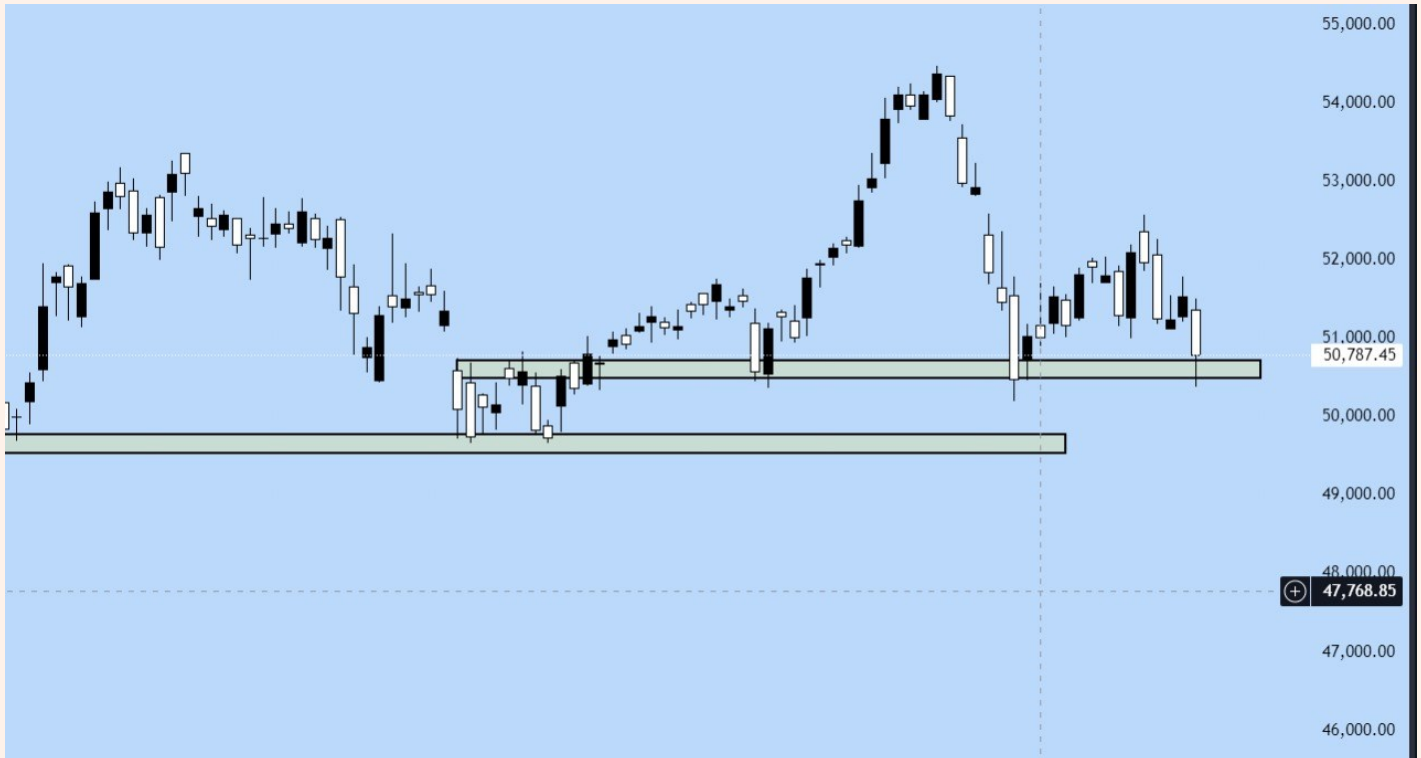
Despite the short-term bearish outlook, this correction offers long-term investors an opportunity to accumulate high-quality stocks at discounted prices. Should the Nifty hold above 24,000 and 23,650, investors could anticipate significant upside potential, with targets of 26,500 and 28,000 projected by Diwali 2025.



**Anshul Jain**

Sr. Research Analyst

# BANK NIFTY OUTLOOK



## Bank Nifty Faces Bearish Pressure as Key Support Levels Approach

The Bank Nifty index ended last week's trading at 50,787.45, marking a 2.51% decline from the prior close, with a clear shift towards bearish sentiment. The index's inability to hold above the 52,500 mark signals a potential trend reversal, while the formation of a bearish engulfing pattern on the weekly chart adds weight to the ongoing downside pressure.

As the index slips below the 20-day Exponential Moving Average (EMA), further testing at the 50-day EMA appears likely. The Relative Strength Index (RSI) has dipped to 50.40, highlighting a reduction in momentum. With this backdrop, a "sell on rise" strategy may prove prudent, as long as Bank Nifty remains below 52,500. Traders can anticipate downside targets around 50,100 and 49,700, with resistance expected between 51,300 and 51,800.

Options data also emphasizes caution: significant put option interest at the 50,000 and 49,500 strikes suggests these levels as potential supports, while call options at 51,500 and 52,000 indicate overhead resistance. For those eyeing potential upswings, ICICI Bank and HDFC Bank among private banks, along with Canara Bank and SBI in the public sector, show promise for outperformance in the near term.

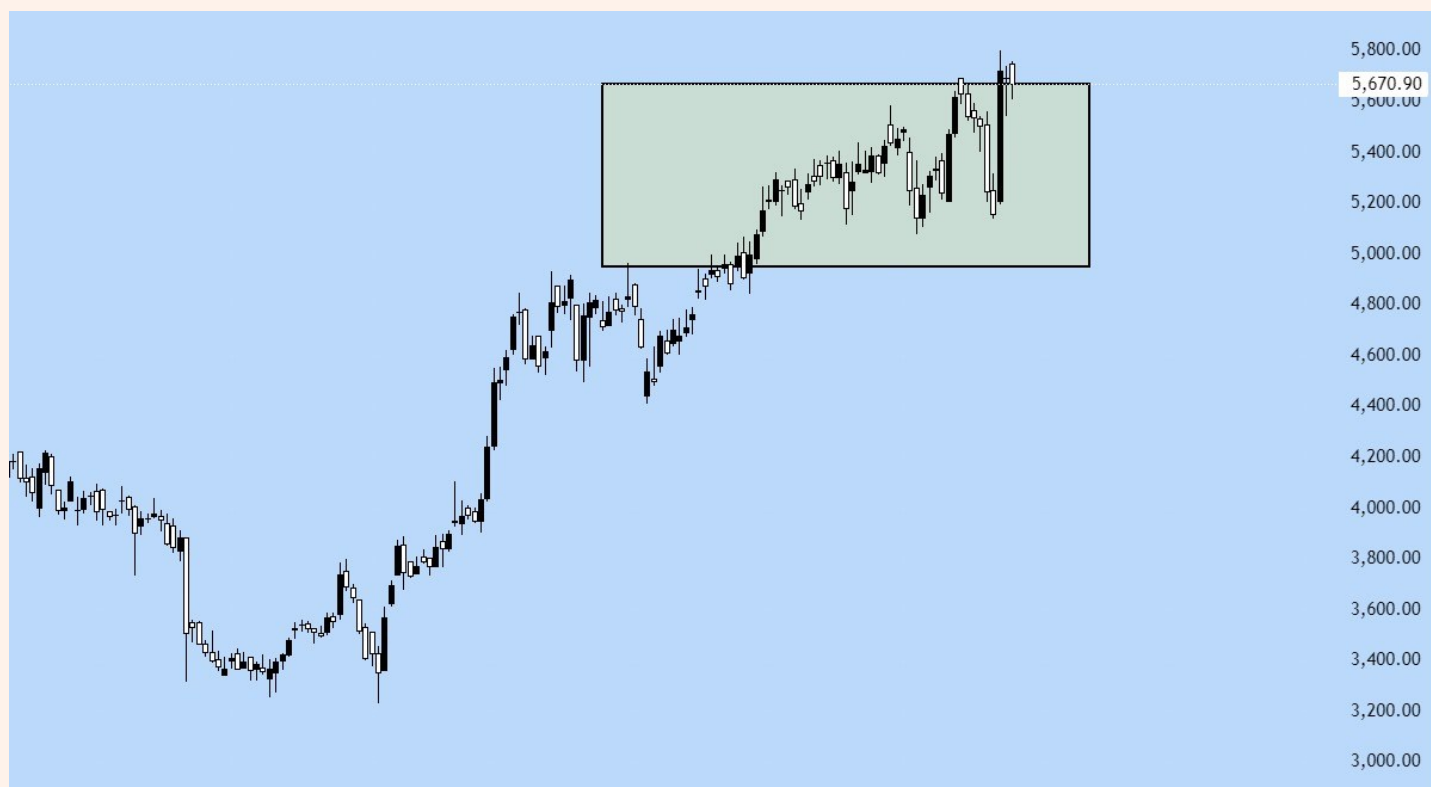


# POWER PLAY STOCK PICKS FOR THE WEEK





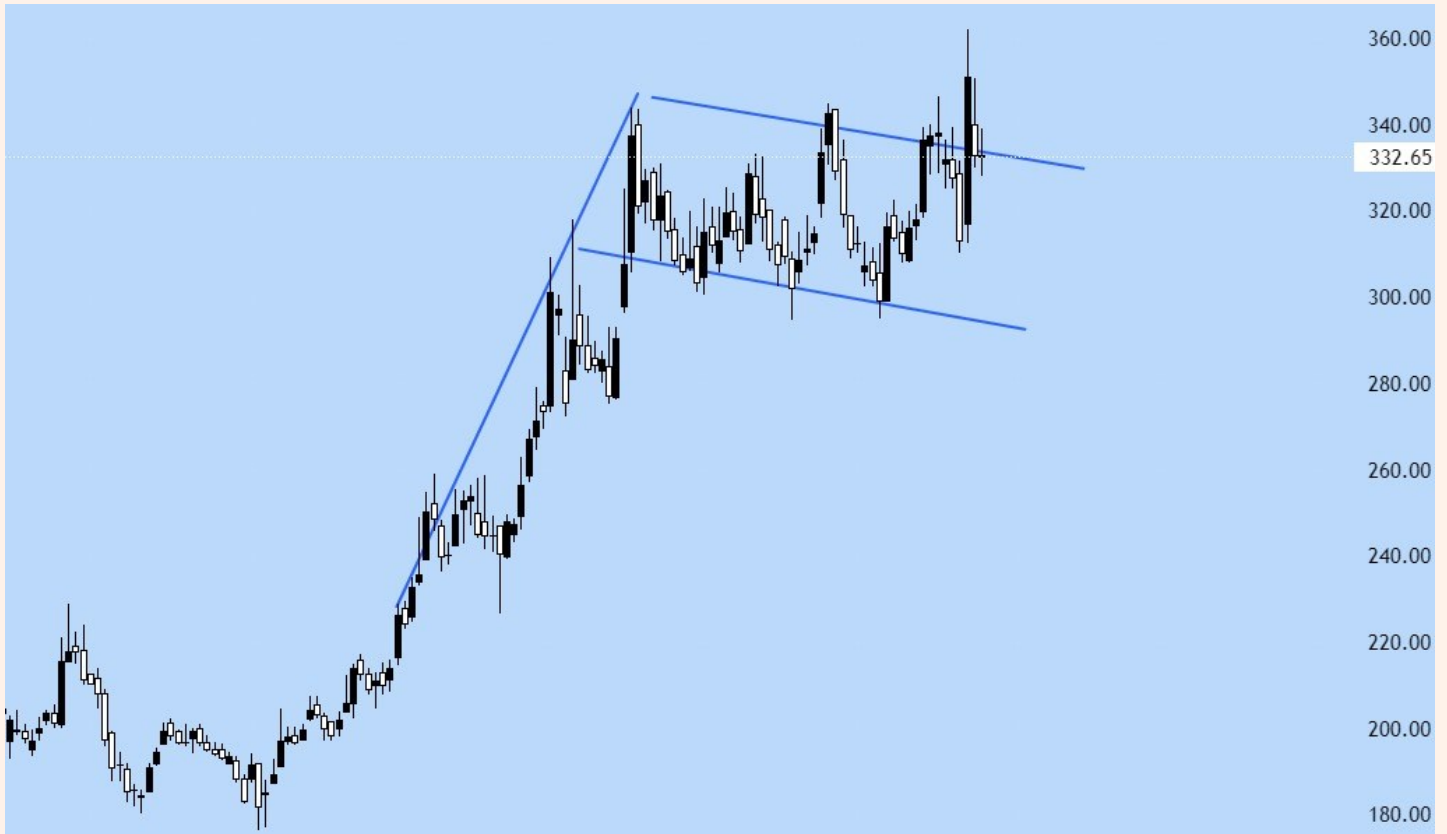
## Persistent



Persistent Systems stock has been forming a base for the past 41 days, establishing a well-defined box breakout zone. This formation, combined with a recent volume surge, suggests strong investor interest and buying pressure. The stock has broken above the key resistance level of 5,720, indicating a potential shift in momentum towards a bullish trend.

A strategic buy above 5,720 with a stop-loss at 5,620 presents a calculated risk. The upcoming target is 6,200, as technical indicators show room for an upward move. Sustained volume is crucial to confirm this breakout and maintain the upward trajectory. Traders should watch for any changes in volume, as it will be a significant factor in determining whether the breakout is stable.

# FIRSTSOURCE SOLUTIONS



The stock of Firstsource Solutions Limited (FSL) has been forming a bullish pole and flag pattern over the past 40 days, a signal of potential upward momentum. In technical analysis, this pattern is considered a strong continuation indicator, often pointing to a robust breakout if certain conditions align. Recently, FSL exhibited a breakout from its 340 level with substantial trading volume, a positive sign of investor interest and potential for sustained upward movement.

The breakout level of 340 serves as an entry point, with a stop-loss (SL) set at 310 to mitigate downside risks. Based on technical projections, the target (TGT) for FSL could reach up to 450 in the coming days if the bullish trend persists. Investors should monitor the volume and momentum closely, as these are essential for validating the continuation of the breakout trend toward the target zone.

# CITY UNION BANK



# CUB



CUB stock has formed a 450-day base, developing a strong 3-variation cup and handle (3VCP) pattern, which suggests a potential bullish trend. This base formation often signals consolidation, allowing the stock to accumulate strength before a breakout. Currently, the stock is hovering around a critical breakout zone of 175, where a breakout with increased volume could confirm upward momentum.

For traders, this setup is promising; a breakout above 175 indicates strong bullish potential, with a target (TGT) of 300 in the upcoming days if the momentum sustains. A stop-loss (SL) is recommended below 150 to manage risk effectively. Volume will be key, as increased buying activity above 175 could accelerate the rally towards the projected target. In summary, this technical setup makes CUB a compelling short- to medium-term trade, especially if it sustains above the breakout level with robust volume.



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