

Nifty holds on to critical support at 22000 amid a week marked by significant weakness

Sensex (72664) / Nifty (22055)



Source: Tradingview.com

Future Outlook

The prominent highlight of the week was the increasing volatility (INDIA VIX), which saw our markets experiencing significant price corrections despite favorable global cues. Throughout most of the week, prices faced downward pressure, with attempts to rebound on Wednesday and Friday proving insignificant. Consequently, by the week's end, prices witnessed a deep cut of 1.87%, ending a tad above **22050** mark.

Examining the weekly chart, it's evident that prices have been confined within a range for several weeks. This week, prices moved from the upper boundary to the lower one, signaling a notable shift in trader sentiment. The daily chart depicts a similar pattern, resembling a 'Rising Channel,' affirming a defined range for our markets. On Friday, prices managed to defend the lower boundary of this pattern, coinciding with the 89EMA, preventing a breakdown. A comparable scenario occurred on April 19th Friday, where prices rebounded from this crucial support, eventually reaching a new high. While the previous move was supported by a strong 'Piercing Line' bullish candlestick pattern, this time it's an 'Inside Bar' pattern, still bullish but less significant. Additionally, the RSI Smoothened has fallen below its previous swing low, indicating overall bleak conditions. Traders are advised not to be swayed by temporary rebounds and to maintain light positions until concrete signs of a bullish reversal emerge, especially with the impending Lok Sabha election results. Regarding levels, Thursday's low coinciding with the 89EMA at **21900** serves as immediate support, followed by previous swing lows in the **21800 - 21700** range. On the upside, the zone between the 20 and 50EMA, around **22200 - 22300**, presents a formidable obstacle. Traders are urged to monitor these levels closely and adjust their trading strategies accordingly.

India VIX soared consecutively for the second week by 26%

Nifty spot closed at **22055.20** this week, against a close of **22475.85** last week. The Put-Call Ratio has increased from **0.89** to **0.91** on a weekly basis. The annualized Cost of Carry is positive at **7.07%**. The Open Interest of Nifty Futures increased by **27.49%**.

Derivatives View

Nifty current month's future closed with a premium of 85.40 against a premium of 99.36 points to its spot in the previous week. Next month's future is trading at a premium of 197.65 points.

The Indian equity markets had witnessed an intense bout of profit booking, eventually leading to a sell-off in the last week. The benchmark index Nifty50 slipped almost 2 percent and settled a tad above the 22000 mark. On the derivatives front, fresh short additions were observed in both key indices on a weekly basis. The options market painted a cautionary picture for the Bulls, with significant writing seen in the 22000-22200 call strikes. Put writers also seemed cautious, with the highest OI concentration at 22000 strikes, followed by noticeable open interest concentration shifting lower at 21800-21700 strikes. Institutional investors shifted their stance to net selling in the index futures segment, resulting in a plunge in the Long Short Ratio to 34% from 44% on WoW basis. Additionally, the volatility index India VIX kept soaring for the consecutive week by over 26%, suggesting uncertainty persists in markets. Given the potential for continued volatility, traders are advised to maintain a light position and utilize bounce to exit longs until we witness any significant turnaround.

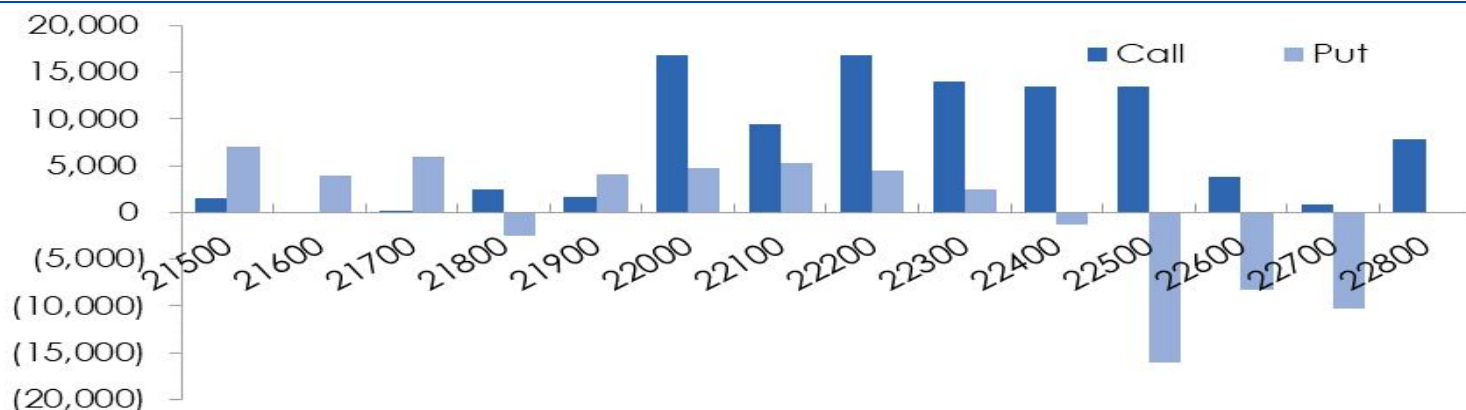
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
BRITANNIA	2689200	31.86	5095.30	6.87
SIEMENS	1686000	27.61	6204.45	3.89
POLYCAB	2259700	22.97	6191.50	5.47
ABB	1363875	21.58	7222.30	6.86
ALKEM	1096000	10.65	5158.95	4.52

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
TITAN	8310225	31.06	3308.20	(6.79)
BERGEPAIN	20966880	30.80	489.10	(5.10)
ASIANPAINT	13279800	27.39	2768.85	(5.93)
SRF	5064375	26.71	2287.85	(11.64)
LT	18322800	19.75	3286.40	(6.75)

Weekly change in OI



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