

## Markets Slide as Bears Return After Two-Week Pause; Nifty slips below 23450 mark

Sensex (77379) / Nifty (23431)



Source: Tradingview.com

### Future Outlook

It was a challenging week for bullish traders as the broader market continued its downward slide without any relief. The sell-off began on Monday, driven by disappointing business updates from banks and rising concerns over the HMPV virus. This set the tone for the week, with bearish momentum intensifying, the benchmark index ended the week with a loss of 2.35%, closing a tad below the **23450** mark.

After a brief two-week pause during the year-end holiday season, the bears came back in full force, resuming the market's southward trajectory. This week's decline pushed prices below a key ascending trendline support on the weekly chart, which coincides with the 50 WEMA. While the benchmark index is currently hovering around the November swing low support, the chart structures of the Banking, Midcap, and Smallcap sectors have been notably distorted. Going ahead, immediate support lies in the **23200–23100** range, aligning with the November swing low and the 61.8% retracement of the rally from the panic lows of June last year. A breach of this zone could confirm the first structural weekly lower top-lower bottom pattern, potentially signaling deeper market pain. On the upside, Friday's attempted rebound faced selling pressure near **23600**, marking an immediate resistance level, followed by a stronger hurdle in the **23750–23800** zone. For the bulls, reclaiming **24200** would signal the first sign of recovery, but this target currently seems distant.

With around 15 trading sessions remaining before the key budget announcement, this period would traditionally present an opportunity to accumulate quality stocks in anticipation of a pre-budget rally. However, given the prevailing bearish scenario, we advise against premature market entries. Until clear reversal signals emerge, it's prudent to avoid the undue risk of catching a falling knife.

## PCR-OI plunged to oversold territory

Nifty spot closed at **23,431.50** this week, against a close of **24,005** last week. The Put-Call Ratio has slightly increased from **0.86** to **0.88** on a weekly basis. The Open Interest of Nifty Futures increased by **13.56%**.

### Derivatives View

Nifty current month's future closed with a premium of 69.15 against a premium of 87.65 points to its spot in the previous week. Next month's future is trading at a premium of 208.65 points.

The Indian equity markets witnessed a strong sell-off throughout the week. The benchmark index plunged lower by over 2 percent on a weekly basis, settling a tad above the 23400 zone. In the derivatives market, we observed short additions in both key indices. On the options front, a scattered piling of OI is seen from 23500-23200 PE. Meanwhile, CE writers have been piling positions from 23500-23800 CE strikes. Stronger hands emerged as net sellers in equities and index futures throughout the week. The Long-Short Ratio slightly decreased to 16% from 17% on a weekly basis, indicating an oversold condition. Considering the recent price action, the market seems bleak, with the possibility of retesting the November month low. It is advisable to avoid aggressive trades as volatility is likely to surge in the near term.

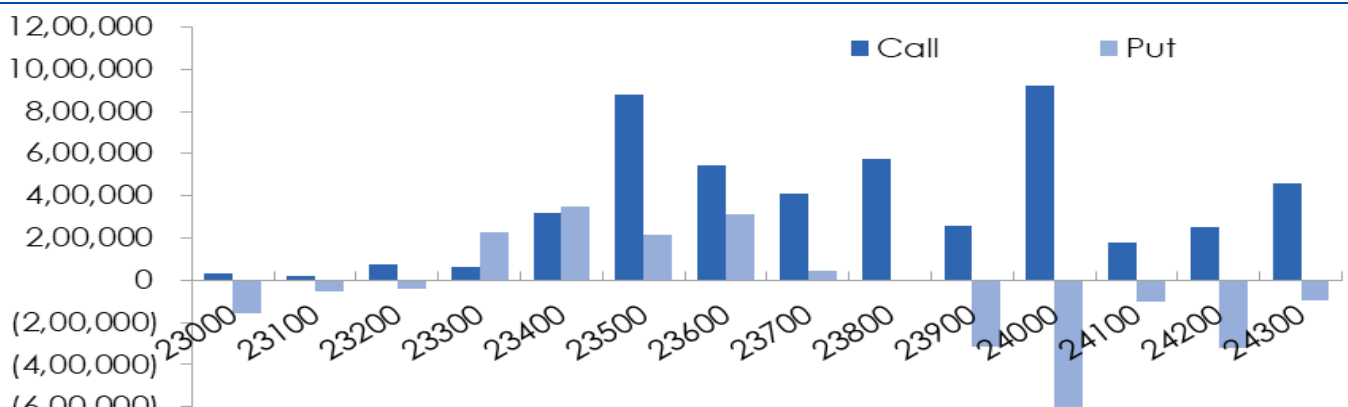
### Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
TCS	12607175	14.77	4207.60	2.89
NYKAA	29851050	14.17	169.86	2.28
NAVINFUOR	1773975	12.83	3641.35	7.85
UPL	30312705	5.45	550.40	3.43
-	-	-	-	-

### Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
TATAELXSI	1637700	77.72	5953.90	(10.28)
UNIONBANK	#N/A	72.20	103.32	(17.08)
KALYANKJIL	15851850	55.90	626.05	(19.97)
JSWENERGY	12567000	45.74	542.50	(14.69)
CESC	14282775	38.49	162.97	(12.81)

### Nifty Put-Call Analysis (Jan series)



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