

Friday's Weakness Spoils Bulls' Party, but Nifty Still Gains Over 1% WoW

Sensex (81307) / Nifty (24870)



TradingView

Source: Tradingview.com

Future Outlook

Amidst positive developments both on the domestic and global front, Nifty started the week on a strong note with a gap-up opening post the extended weekend. As the week progressed, the index extended its gains, testing levels around **25150** on Thursday. However, profit booking on Friday erased most of the intra-week gains. Fortunately, Nifty managed to hold on to Monday's gap-up levels and ended the week with gains of just over a percent tad above **24850** mark.

The week ended on a mixed note, as Nifty failed to cross the golden retracement at **25150** (61.8% retracement of the fall from **25700**), triggering profit booking on Friday. On the positive side, the index managed to close above its short-term moving averages, 20 and 50 DEMA, that had been acting as hurdles on every bounce earlier. On the indicator front, the RSI Smoothened has swiftly moved from 26 last week to 56 this week, and the sharp upturn in momentum does bode well for the bulls. From a technical standpoint, Friday's correction looks more like a retest of the bullish gap, a mean-reverting tendency often seen before a larger move resumes. In this scenario, the gap zone around **24750** followed by **24650** (coinciding with the 89DEMA) will act as crucial support. If breached, the bullish rationale could fizzle out, opening the door for a retest of recent lows around **24350**. On the flip side, reclaiming **25000** followed by a sustained move above **25150** would be the key trigger for bulls to regain control. Traders are advised to track these levels closely and set up their trades accordingly.

On the sectoral front, multiple themes outperformed on the back of GST reforms, and such thematic moves are likely to continue as we head into the monthly F&O expiry. Broader markets also outshone the frontline indices, with the Nifty Midcap Select Index ending with strong gains of 2.27%. The bullish weekly candle with a gap around the 20WEMA suggests that the midcap space may continue to outperform, even if frontline indices consolidate further.

Long Short Ratio advanced to 11

The Nifty spot closed at 24,870.10 this week, compared to 24631.30 last week. The weekly Put-Call Ratio has decreased from 0.73 to 1.01. The Open Interest of Nifty Futures decreased by **2.30%**.

Derivatives View

Nifty current month's future closed with a premium of 41.70 against a premium of 82.40 points to its spot in the previous week. Next month's future is trading at a premium of 152.45 points.

The week began on an optimistic note and maintained its upward trajectory till weekly settlement sessions, but the penultimate session's correction pared down most of the gains seen in the week. Eventually, the benchmark index showcased some traction and ended the week on a positive note around the 24900 zone. In the derivatives segment, a decent short covering was observed in the benchmark index on a WoW basis. For the upcoming weekly series, OI concentration is prominent at the 24800 Put strikes, suggesting a crucial support zone, while 25000 witnessed significant piling of OI among CE writers, indicating a crucial resistance zone. While the broader trend appears muted, F&O indicators such as the FIIs' long-short ratio and PCR-OI highlight that the market is in a highly oversold zone.

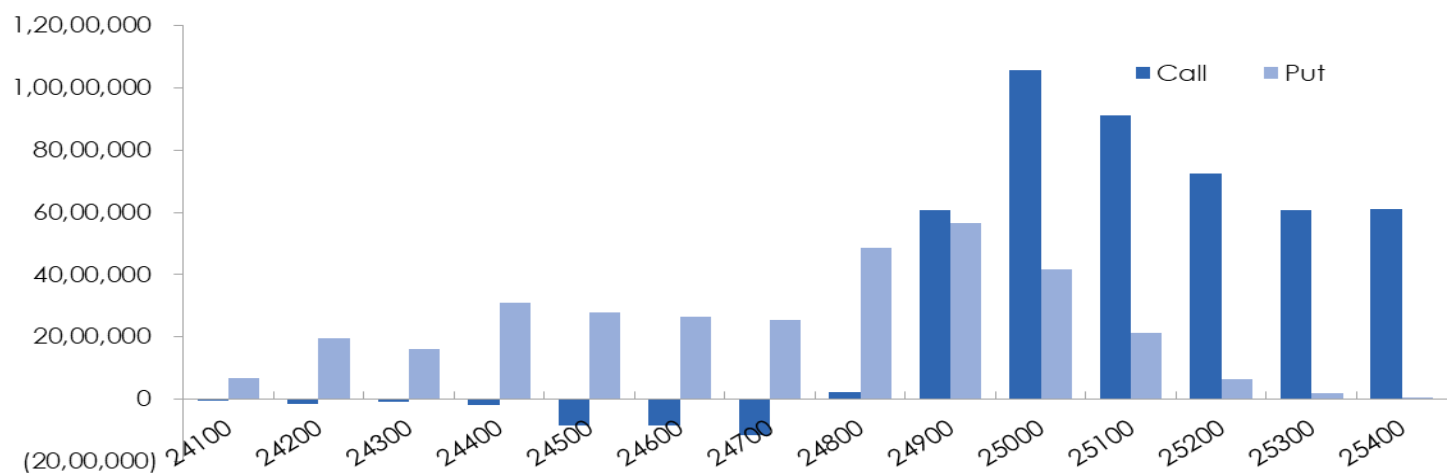
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
UNOMINDA	4344450	63.64	1265.50	9.86
DABUR	23041250	44.03	516.95	2.91
EXIDEIND	31397400	35.57	395.90	5.67
MARUTI	3960450	21.51	14336.00	10.77
TVSMOTOR	10682700	18.35	3264.60	8.94

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
SUZLON	125648000	27.12	58.68	(2.44)
TORNTPOWER	3095625	26.82	1281.10	(3.94)
ANGELONE	3130750	19.38	2526.20	(4.69)
BHARATFORG	13709500	18.80	1123.90	(5.08)
BSE	12339750	15.64	2330.80	(6.34)

Nifty Put-Call Analysis (August series)



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