

Nifty Slips for Fourth Straight Week, Breaks Below Key Support Zone

Sensex (81463) / Nifty (24837)



Source: Tradingview.com

Future Outlook

The bears tightened their grip on the markets as Nifty registered its fourth consecutive weekly decline. While the index showed some resilience early in the week, it failed to surpass the previous week's high of **25250**, triggering a broad-based sell-off in the last two sessions. The weakness intensified on Friday, with the index breaching key support zones and ending the day with a loss of 0.92%. For the week, Nifty declined by 0.55%, closing at **24830**.

The chart structure has clearly deteriorated for the bulls. On the daily chart, Nifty had been trading within a "Rising Channel" pattern since May. However, this week's breakdown below the channel's lower boundary confirms a bearish reversal. Importantly, this breakdown is accompanied by a bearish gap, which qualifies as a "Breakaway Gap", adding further conviction to the bearish setup. Additionally, the index has broken below the 50-day EMA, a level that had previously provided strong support. This shift marks a significant change in short-term momentum in favor of the bears. On the indicator front, the RSI Smoothened has slipped below 39, a level not seen since the April swing lows, reinforcing the weakening trend. Collectively, these signals suggest the potential for deeper downside, possibly towards the 200-day SMA, which lies in the **24200–24000** zone. For the coming week, immediate support is placed near the 89-day EMA at **24650**, followed by the **24500** level, which has acted as a strong base during the May–June consolidation phase. On the upside, the bearish gap and the 50DEMA zone around **24950–25000** now act as immediate resistance, while the **25250** level, the high of the last two weeks remains a stiff barrier.

On the sectoral front, similar breakdowns are visible across multiple indices. Notably, the Nifty Midcap Select index has breached a long-standing trendline, suggesting increased vulnerability in the midcap space. While earnings season could offer selective buying opportunities, traders are advised to avoid aggressive exposure, especially in broader markets.

Long Short Ratio plunged to 14%

The Nifty spot closed at 24,837 this week, compared to 24,968.40 last week. The weekly Put-Call Ratio has decreased from 0.78 to 0.58. The Open Interest of Nifty Futures decreased by **0.75%**.

Derivatives View

Nifty current month's future closed with a premium of 13.40 against a premium of 63.90 points to its spot in the previous week. Next month's future is trading at a premium of 105.50 points.

The Indian equity markets witnessed a strong sell-off, with the Nifty consecutively closing for the fourth week around the 24,800 zone, dampening the undertone. In the derivatives segment, a notable build-up of short positions was seen in the benchmark index on a WoW basis. Call writers have shifted their stance lower to the 25000-25200 strike, reinforcing the bearish sentiment, while put writers shifted positions around the 24800-24600 strike. The Long-Short Ratio dipped from 15% to 14% WoW, reflecting long unwinding and fresh shorting by stronger hands. Going ahead, Friday's price action suggests pressure may persist. Hence, it is advisable to maintain a cautious stance and wait for the selling spree to fizzle out.

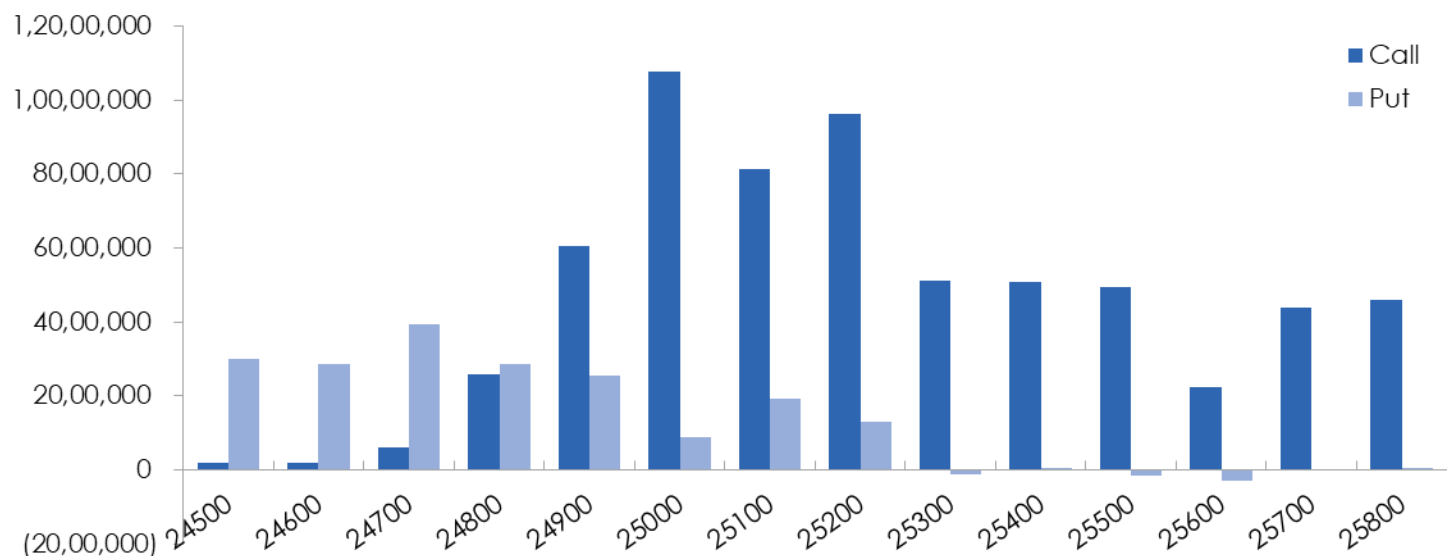
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
FORTIS	10194350	27.28	847.05	6.03
LUPIN	12115050	1.23	1953.80	1.62
TORNTPHARM	2418500	1.18	3603.20	2.05
DIXON	1656500	0.85	16710.00	4.40
HDFCLIFE	29869400	0.71	761.30	2.66

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
KFINTech	1676250	41.47	1166.60	(7.51)
360ONE	5164000	40.63	1080.40	(10.27)
LODHA	7638750	38.01	1282.60	(11.31)
OBEROIRLTY	6282150	30.90	1701.00	(7.45)
COLPAL	6661125	27.86	2220.80	(7.26)

Nifty Put-Call Analysis (July series)



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