

Truncated Week Ends on a Subdued Note; Nifty Holds Above 26000

Sensex (85041) / Nifty (26042)



Source: Tradingview.com

Future Outlook

The week began on a positive note with a gap-up opening, followed by strong buying interest during Monday's session. However, the momentum failed to sustain, as the subsequent three sessions witnessed gradual profit booking, erasing most of Monday's gains. Eventually, Nifty managed to end the week marginally higher by around 0.29%, holding firm above the **26000** mark.

Overall, it was a subdued week, with traders and investors appearing to be in a holiday mood. On the weekly chart, Nifty formed a neutral Doji candlestick, highlighting indecision at higher levels. As we step into a crucial week that marks both the close of the calendar year and the beginning of a new one, we expect consolidation to persist unless a decisive breakout emerges from the current range. That said, the broader undertone remains tilted towards the bullish side, as prices continue to trade above key moving averages. Additionally, a fresh bullish crossover in the RSI Smoothened near the 50 mark lends support to the positive bias. On the intraday hourly chart as well, prices continue to maintain a higher-top, higher-bottom structure. In such an environment, traders are advised to avoid getting swayed by short-term noise and instead adopt a buy-on-dips approach while booking profits near higher levels. On the downside, immediate support is placed around **25900**, while **25700** remains a sacrosanct level for the near-term trend. On the upside, the **26250-26350** zone stands out as a key hurdle, beyond which Nifty could fresh leg of momentum in the uncharted territory. Traders should keep a close tab on these levels and align their trades accordingly.

Historically, the fag end of the calendar year and the onset of the new year are associated with broad-based buying, popularly referred to as the Santa Rally. While such participation has been selective this time, barring Monday's move, certain themes such as PSUs, Metals, and Railways have witnessed sharp traction. Selective outperformance in these pockets may continue, making it crucial for traders to identify and focus on such themes for better opportunities.

Long-Short Ratio Continues to Signal Oversold Conditions

The Nifty spot closed at 26042.30 this week, compared to 26046 last week. The weekly Put-Call Ratio has decreased from 1.13 to 0.76. The Open Interest of Nifty Futures decreased by 4.83%.

Derivatives View

Nifty current month's future closed with a premium of 17.90 against a premium of 121.30 points to its spot in the previous week. Next month's future is trading at a premium of 192.20 points.

The week began on a positive note with a gap-up opening and strong buying interest on Monday. However, the momentum could not be sustained, as gradual profit booking over the subsequent three sessions erased most of the initial gains. Despite this, the Nifty managed to end the week marginally higher by around 0.29%, comfortably holding above the 26,000 mark. On a week-on-week basis, price action in both key indices remained largely flat, accompanied by a healthy reduction in open interest, indicating position unwinding rather than fresh aggressive bets. For the upcoming monthly expiry, the highest open interest concentration is observed at the 26,000 put and 26,200 call strikes, defining the near-term range. Foreign investors continued to drain liquidity from the Indian equity market, while domestic participants remained consistent buyers. In index futures, the Long-Short Ratio improved from 9% to 11% during the truncated week, reflecting a marginal improvement in sentiment. Considering the recent consolidation phase and supportive PCR-OI readings, we do not anticipate any major selling pressure in the near term. Accordingly, the overall bias remains positive, and traders are advised to adopt a buy-on-dips strategy.

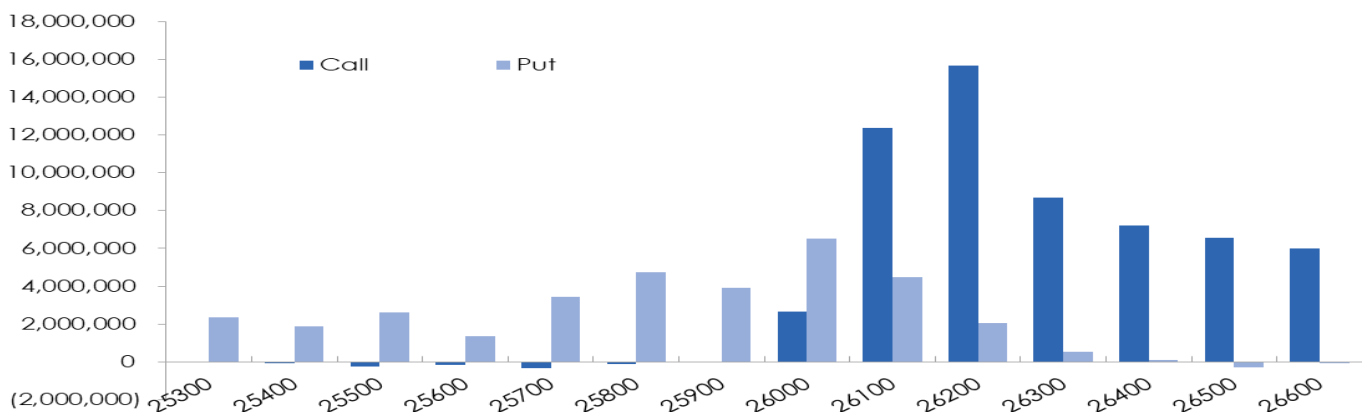
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
BDL	5555450	17.57	1482.60	7.75
IRFC	55016250	16.87	133.78	17.22
DALBHARAT	2951975	14.22	2158.20	6.77
KEI	1301475	10.46	4377.60	1.91
INFY	82973600	10.42	1655.70	1.24

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
COFORGE	15200250	25.02	1676.80	(9.15)
DIXON	2694850	19.68	12353.00	(6.90)
LUPIN	8538675	18.65	2106.90	(1.05)
SUPREMEIND	2704800	18.36	3283.90	(2.81)
UNIONBANK	85889250	14.96	150.11	(2.76)

Nifty Put-Call Analysis (Dec series)



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