

Global cues act as a speed bump; Nifty ends the week with modest gains

Sensex (65280) / Nifty (19332)



Source: Tradingview.com

Future outlook

During the major part of the week, our market experienced a positive trend following a bullish breakout from the previous week. On Monday, the Nifty benchmark Index opened significantly higher, setting the tone for the week as prices continued to climb and reached new milestones each day. However, on Friday, global market weakness led to the end of an eight-day winning streak, causing Nifty to erase around a percent gain from the top and finish the week with a modest gain of 0.74%, a tad above **19300**.

After the long-awaited breakout last week, the bullish momentum remained strong at the beginning of the week, defying obstacles, and decoupling from global counterparts. However, profit-taking at higher levels on Friday and succumbing to global pressures resulted in a decline in prices, wiping out a significant portion of the weekly gains. The weekly chart shows a small bullish candle with a slightly larger upper shadow, indicating tentativeness at higher levels following the recent surge. Despite this, we believe the bull run is likely to continue, marking the start of a major upward movement. However, the momentum on the upside may not match the intensity of the past couple of weeks. Considering the overbought conditions, we may witness a period of consolidation in the coming week, during which dips could be seen as buying opportunities. On the other hand, it is advisable to secure profits at higher levels and avoid complacency until the indicators exit the overbought territory. In terms of support levels, the immediate support lies around **19200**, where a bullish gap was left this week, while the major breakout levels around **19000-18900** serve as a strong foundation for our market. As the prices are currently in uncharted territory, it is challenging to identify resistance zones. However, the range of **19500-19600** appears to be an immediate hurdle for the anticipated consolidation.

Throughout the week, several themes exhibited significant strength, and it is crucial to focus on identifying such sectors that can potentially deliver remarkable movements in a range-bound market. Additionally, keeping an eye on global cues is important to monitor any positive developments after the recent weakness or if they exert downward pressure on our market in line with their own vulnerabilities.

FII remain buoyant; Long Short Ratio at 70%

Nifty spot closed at **19331.80** this week, against a close of **19189.05** last week. The Put-Call Ratio has decreased from **1.58** to **0.89** on Weekly basis. The annualized Cost of Carry is positive at **6.30%**. The Open Interest of Nifty Futures increased by **8.38%**.

Derivatives View

Nifty current month's future closed with a premium of 66.70 against a premium of 72.20 points to its spot in the previous week. Next month's future is trading at a premium of 160.50 points.

The July month started on a spectacular note as the benchmark index clocked new highs and settled the week a tad above the 19300 zone, procuring 0.74 percent. On the derivatives front, we witnessed an addition of fresh longs on a weekly basis in key indices, signifying the inherent strength in the uprun. The stronger hands continued their buying streak in the cash and future segments throughout the week, advancing the 'Long Short Ratio' to 70% from 69% WoW. On the options front, scattered piling up of OI is seen from 19400-19200 put strikes, indicating a series of support zone for the upcoming week. On the higher end, a significant piling of OI is seen at 19400-19500 call strikes, indicating a stiff hurdle for Nifty. Considering the data, we expect any cool-off in the index towards the support zone should augur well for the bulls, and thus, one needs to keep a pragmatic approach post the recent rally.

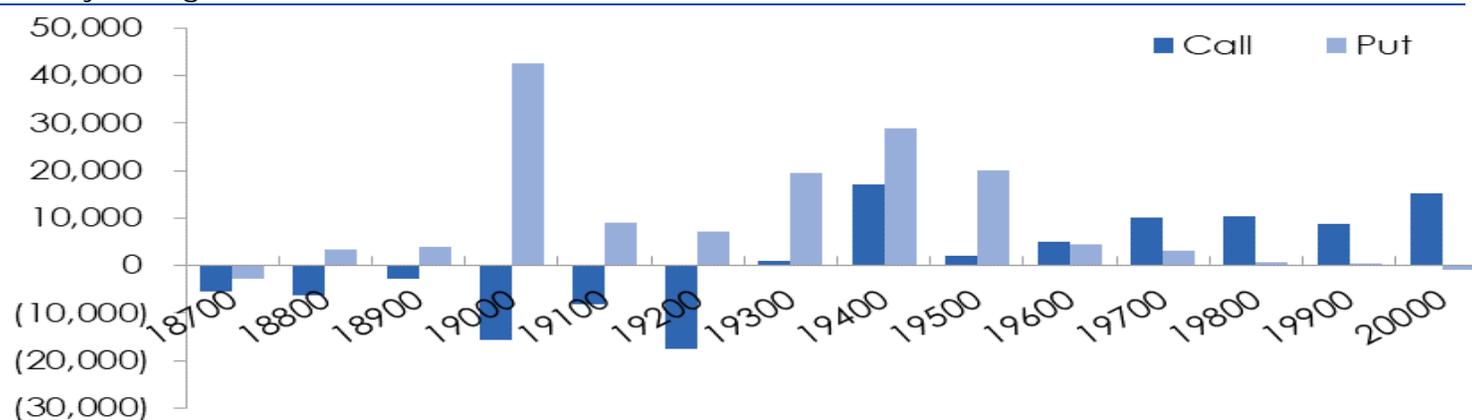
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
HINDPETRO	32078700	41.47	307.70	11.61
IOC	94038750	37.33	99.85	8.53
COLPAL	3379600	28.54	1773.40	4.23
GRANULES	13278000	25.41	313.45	4.76
PNB	324208000	20.80	60.80	16.81

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
EICHERMOT	6221425	81.32	3204.60	(11.05)
SRF	4980750	31.08	2230.55	(3.28)
UPL	25771200	30.04	663.20	(3.63)
DEEPAKNTR	2559000	18.79	2058.15	(4.84)
BANDHANBNK	48987500	16.07	231.15	(5.03)

Weekly change in OI



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