

## Bulls defend key supports; but still not out of the woods

### Sensex (65996) / Nifty (19653)



Source: Tradingview.com

### Future Outlook

The October month commenced on a roller-coaster note, wherein the initial two days of the truncated week had a rough move for the benchmark and even sneaked below the pivotal zone of **19500**. During the second half, it made a smart rebound from the lows and settled the week on a subdued note, procuring 0.08 percent to reclaim **19650** levels.

Technically, the truncated yet eventful week kept the participants on their toes with its whipsaw moves, but as we quote, 'All's well that ends well.' The improved global sentiments led to a strong rebound during the mid-week, which certainly can be seen with the formation of an island bar on the daily time frame. However, the follow up move is still not convincing and hence, we would rather wait for further developments to form a clear view. Also, the anticipated 'status quo' from the RBI MPC neither surprised nor shocked the market. Though the recent developments have been captivating as Nifty formed a 'Dragonfly Doji' on the weekly charts, one should not become complacent as we are not entirely out of the woods. From a technical point of view, the **19720-19750** zone withholds the sturdy resistance, followed by the next cluster around **19800-19850** for the upcoming week. While on the lower end, **19580-19500** are to be seen as immediate supports. It would be important to defend the make or break level of **19300** in order to avoid any kind of escalation in the coming week.

Meanwhile, it is advisable to keep a close tab on the developments in the BFSI space, as without their involvement, sustained moves are unlikely. One needs to avoid aggressive bets for a while and should remain watchful on global developments.

## PCR-OI normalizes above 1

Nifty spot closed at **19653.50** this week, against a close of **19638.30** last week. The Put-Call Ratio has increased from **1.03** to **1.12** on a weekly basis. The annualized Cost of Carry is at **2.32%**. The Open Interest of Nifty Futures increased by **14.80%**.

### Derivatives View

Nifty current month's future closed with a premium of 25.00 against a premium of 70.70 points to its spot in the previous week. Next month's future is trading at a premium of 138.65 points.

The Indian equity market witnessed a volatile week. We witnessed decent profit booking the initial two days to sneak towards the 19350 odd zone. However, smart recovery latter days led to a weekly closing tad above the 19650 mark. We observed the addition of mixed bets in the key indices during the week. On the options front, meaningful build-up was seen in 19600 put strikes. Meanwhile, scattered piling of OI is seen from 19700-19800 CE, indicating tentativeness among call writers. Stronger hands continued selling equities but covered a few short in the latter half of the week. However, Long Short Ratio witnessed a marginal fall to 27% from 28% on a weekly basis. For now, traders should avoid being complacency and should stay abreast with global developments till the trend gets clarity.

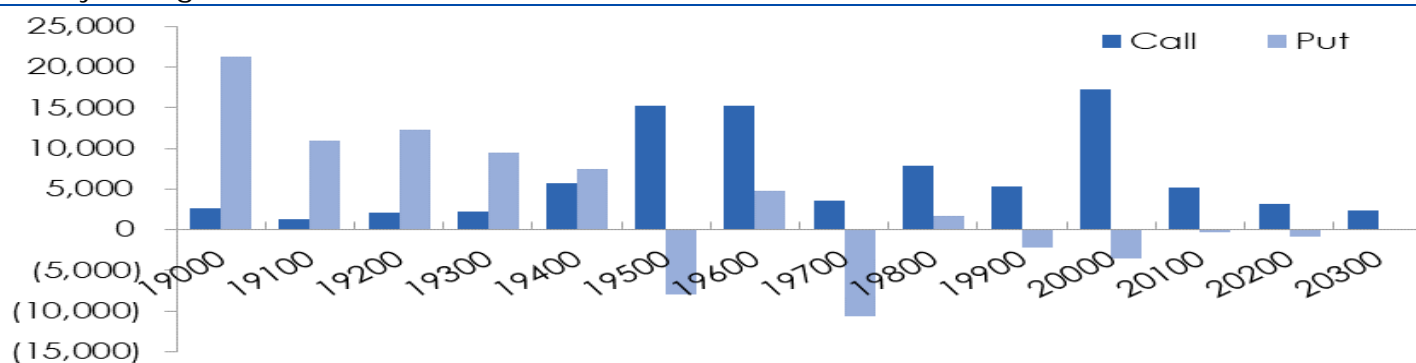
#### Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
MGL	2666400	44.29	1119.40	8.36
COROMANDEL	1454600	21.03	1176.80	2.23
TCS	10631250	14.90	3630.30	2.91
TITAN	6127125	13.50	3323.35	4.88
BAJAJFINSV	11381000	12.77	1638.35	5.65

#### Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
DALBHARAT	1838500	37.92	2232.80	(7.62)
MARICO	13382400	31.15	539.85	(4.40)
SIEMENS	2352075	28.21	3550.65	(3.87)
AXISBANK	51959375	19.52	1006.00	(3.47)
SHRIRAMFIN	8652000	19.51	1855.45	(3.91)

### Weekly change in OI



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