

Weak global cues turned culprit to spoil market sentiments

Sensex (59135) / Nifty (17413)



TradingView

Source: Tradingview.com

Future outlook

Following the strong closing of the previous week, we had a spectacular start to the week with a gap-up opening. The positive momentum continued to retest **17800**; however, ahead of the mid-week holiday, some profit booking was seen at higher levels. In the following trading session, despite a bleak opening, the bulls remained in commanding positions. After repeatedly failing to cross **17800**, we witnessed a sharp sell-off during the last two sessions to retest sub-**17350** levels. Eventually after some respite, Nifty ended a tad above **17400** with a weekly loss of a percent.

During the week, the sell-off was triggered as Nifty failed to cross a key technical level of **17800**, which is the 61.8% retracement of the recent down move. However, considering the recent positive development and head start to the week, we were of the view that Nifty would surpass the hurdle to reclaim **18000**. Now, with two back-to-back weak sessions, the momentum is again in favour of bears. Despite this, we remain a bit hopeful and expect important levels to remain unbroken in coming week; especially after seeing prices showing resilience around the 200-SMA and forming a key technical pattern known as 'Bullish Hammer'. It would however be very early to jump to any conclusion and considering the recent volatility, traders should ideally wait for the trend to establish. In such a scenario, Friday's low around **17320** would be seen as immediate support followed by sacrosanct support at February's swing low of **17250**. On the flip side, the bearish gap left around **17570 – 17600** should be considered as immediate hurdles. In our sense, instead of swaying on both sides of the trend, traders should ideally prefer staying light on positions and keep accumulating quality propositions in a staggered manner.

The weak global cues and underperforming heavyweights (especially Reliance) were the major culprits in dragging our markets down. Going ahead, it would be crucial to keep a close tab on them as any positive development globally, can elevate the overall sentiments. Also, Nifty Midcap 100 outperformed as this index ended the week in green, forming a 'hammer' pattern around the recent trend line breakout levels. If the markets find some relief, we may see many midcap counters giving mesmerizing move. Traders are advised to focus on such counters that are likely to provide better trading opportunities.

F&O data indicates market to be in an oversold region

Nifty spot closed at **17412.90** this week, against a close of **17594.35** last week. The Put-Call Ratio has decreased from **1.17** to **0.89** on Weekly basis. The annualized Cost of Carry is positive at **4.37%**. The Open Interest of Nifty Futures increased by **8.94%**.

Derivatives View

Nifty current month's future closed with a premium of 39.65 against a premium of 77.20 points to its spot in the previous week. Next month's future is trading at a premium of 147.15 points.

It was a roller coaster ride for our market, as we kickstarted the week on a promising note. But the last two sessions not only pared down the initial gains but dented the overall sentiments, with Nifty shedding over a percent on a weekly basis. In the F&O space, we witnessed short addition in both key indices on a WoW basis. While on the options front, a decent piling of OI is seen at the 17400 put strike, followed by 17300 PE, indicating nearby support for Nifty. On the flip side, the 17500-call strike has the highest OI concentration, implying an immediate hurdle. Meanwhile, the stronger hands have added shorts in the system, leading the 'Long Short Ratio' to plunge to 16% from 23% WoW. Considering the mentioned data, the market seems a bit oversold, and any short covering shall be an encouraging sign.

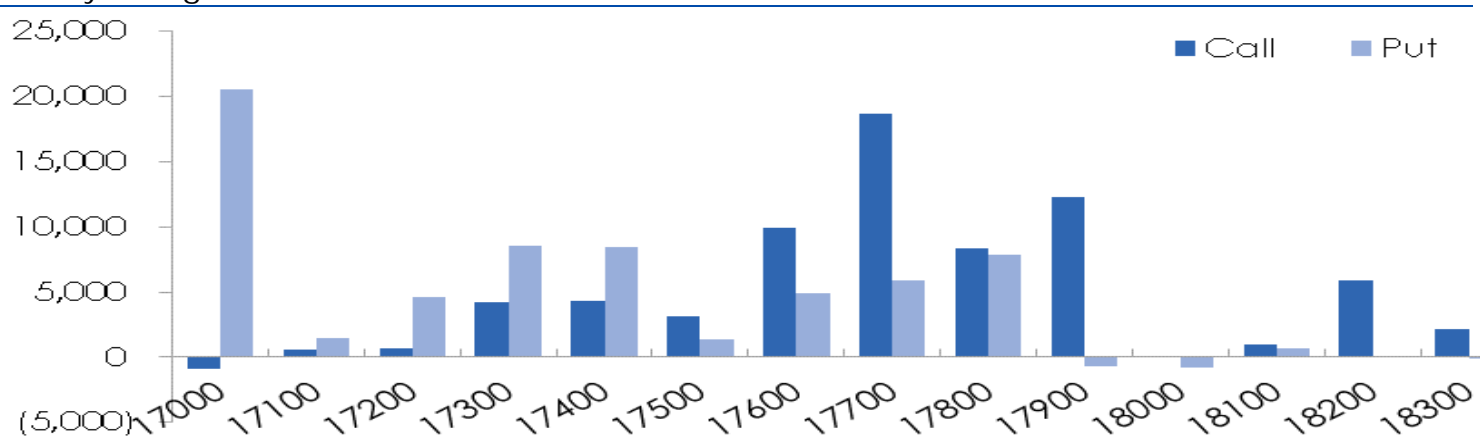
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
BALRAMCHIN	8147200	40.59	400.20	8.82
MGL	2849600	36.74	991.35	8.76
RECLTD	55768000	23.27	123.00	3.40
PFC	61386200	17.24	167.50	7.20
NTPC	92659200	16.01	181.10	4.20

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
RBLBANK	30585000	15.59	155.15	(7.48)
POLYCAB	1248900	13.06	2907.55	(5.12)
CROMPTON	6286500	12.75	298.10	(4.84)
BAJFINANCE	5421125	11.40	5887.20	(3.86)
LALPATHLAB	942500	9.82	1832.20	(6.33)

Weekly change in OI



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