

## We finally succumbed to the global weakness

Sensex (58841) / Nifty (17531)



Source: Tradingview.com

### Future outlook

We had a pleasant start on Monday taking US market's previous Friday's rally into consideration. We challenged **18000** but failed to sustain on the same day itself. But since it was merely a formality, the index opened beyond this psychological level on the following day. In this process, the Nifty registered a highest close in last eight months. Everything looked hunky dory as we were poised to make a move towards previous highs. Suddenly, the US markets tumbled on Tuesday on the back of rising inflation data. This resulted in a massive gap down but surprisingly, our markets managed to weather the storm. We defended key levels and traded with a positive bias for couple of trading sessions. However, the Friday's session turned out to be a nightmare as we witnessed a sustained selling throughout the session to conclude the week with 1.70% cut, marginally above **17500**.

Generally, we say 'All's well that ends well' but this time it's the exact opposite. We had a perfect start of the week, but the end was certainly not everyone would have wished for. The broader structure remains bullish but with Nifty closing convincingly below **17600** has dented the intermediate structure for sure. Pricewise, it resembles a 'Head and Shoulder' pattern on daily time frame chart, which does not augur well for the bulls. If this pattern proves its significance, we may see further correction towards **17200 – 17000** in the coming week. But as of now, we do not want to fall into this camp. We would rather reassess the situation in the first half of the coming week. As far as support is concerned, **17400** we are seeing as a key support. The moment we see Nifty sliding below it, we may see correction getting extended in the market. On the flipside, if Nifty has to find its mojo back, it needs to go beyond Friday's high of **17820** on a closing basis. So meanwhile, any minor bounce back towards **17650 – 17750** should ideally be used to exit longs.

After Friday's close, we would like to adopt a wait and watch approach and let's see how global market performs over the weekend. Traders are advised not to get intimidated by Friday's correction, rather keep a close tab on above mentioned scenarios. Also, one should avoid trading aggressively till the time market stabilizes from this turbulence. Sectorally, the recent leader, BANKNIFTY is placed at an interesting juncture. Hopefully, it manages to lift the overall sentiments in the coming week.

## Tentativeness at higher grounds, PCR plunged to 0.76

Nifty spot closed at **17530.85** this week, against a close of **17833.35** last week. The Put-Call Ratio has decreased from **1.10** to **0.76**. The annualized Cost of Carry is positive at **5.65%**. The Open Interest of Nifty Futures decreased by **4.43%**

### Derivatives View

Nifty current month's future closed with a premium of 35.30 against a premium of 33.10 points to its spot in the previous week. Next month's future is trading at a premium of 92.45 points.

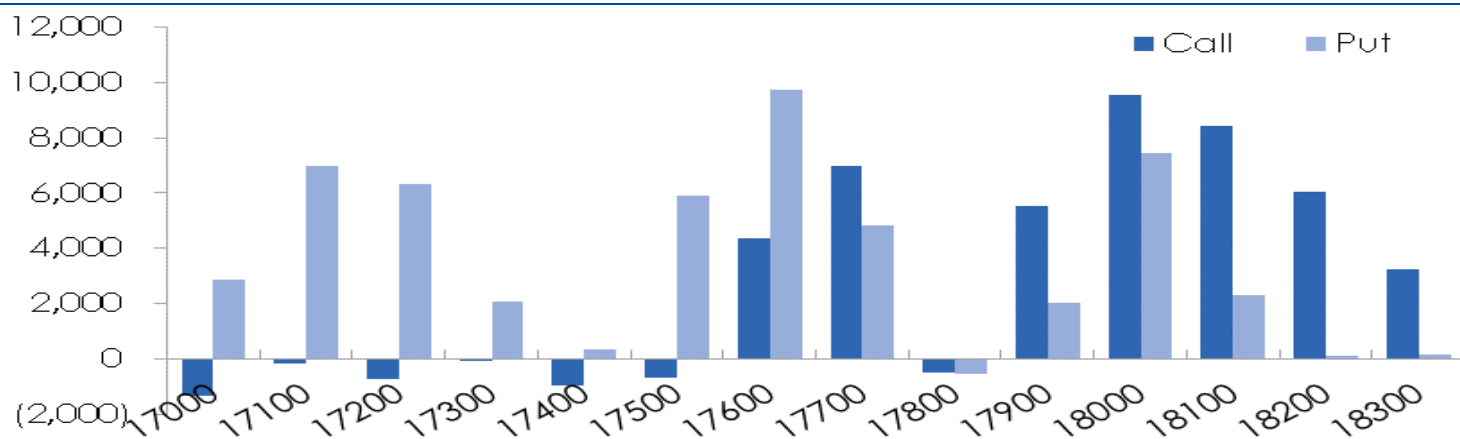
The Indian equity market has seen a roller coaster week, wherein the pleasant start pared down in the latter half. Eventually, the selloff aggravated in the last trading session, and the benchmark index slipped into red to settle near the 17500 zone. There have been mixed positions in the F&O space throughout the week, as we witnessed strong long formation followed by unwinding by the weekend. On the options front, piling up of positions is visible in the 17500-17400 put strikes, indicating nearby support formation, while any further breach could disrupt the sentiments. While on the higher end, 17800 call strike have seen piling up of positions, followed by maximum OI concentration at 18000 call strike. Meanwhile, the stronger hands have curtailed from adding longs in cash and future segments in the latter period. Simultaneously, they expanded their 'Long Short Ratio', which surged to 28% from 22% WoW. Going ahead, it is advisable to keep a close tab on the mentioned levels as any breakthrough from the range could dictate the near-term trend in the index and stay abreast with global developments.

### Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
INDIACEM	19676500	37.79	266.00	13.72
APOLLOTYRE	14766500	23.65	284.20	3.53
ACC	4706000	21.64	2620.95	10.22
MFSL	2074800	17.22	823.75	3.18
GRANULES	11112000	12.70	317.35	2.16

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
PVR	4901501	33.16	1762.15	(2.63)
INFY	47084700	30.46	1381.00	(8.90)
HONAUT	14865	26.73	40590.55	(2.98)
ABBOTINDIA	63000	22.66	17595.95	(4.30)
BALKRISIND	3411000	20.56	1913.35	(4.33)

### Weekly change in OI



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