

Bulls hesitate to reach new highs, retreat to 18650 levels

Sensex (62979) / Nifty (18666)



Source: Tradingview.com

Future outlook

The Indian stock market had a promising start to the week, with the possibility of Nifty reaching a new high. However, profit booking occurred on the same day and continued until the first half of Tuesday, causing a retest of levels around **18650**. Taking advantage of this, the bullish camp initiated strong buying, driving prices higher in an attempt to achieve new highs on Wednesday and Thursday. However, another failed attempt led to profit booking and a drop in prices back to Tuesday's low. As a result, the week ended with a loss of 0.85%, just above the **18650** level.

It was a disappointing week for the Bulls as they were unable to push prices to new highs despite multiple attempts. From a technical standpoint, there is a clear hurdle formed around the **18880** levels, accompanied by a bearish gap seen on the daily chart after a long time. The bullish momentum has diminished in the short term, and prices have closed just above a crucial support level. Also, Prices ended slightly above the 20EMA, which has previously acted as a strong barrier against any corrections. This level coincides with a trigger point of "BEARISH DOUBLE TOP" pattern observed on the hourly chart. In our opinion, for the bulls to regain control, the upward movement should start from the current levels. However, if the levels of **18600-18650** are breached, then we might witness further price correction toward the **18500-18450** levels. On the other hand, the bearish gap around **18750** will now act as immediate resistance, followed by the all-time high level at **18888**. Having said that, traders should note that the higher time frame charts continue to look intriguing and suggesting that any future price or time-wise correction should be seen as a buying opportunity for those who missed the upward trend in the past few months.

Although there were no significant changes in the key indices, the Nifty Midcap, which had been performing well recently, experienced a sharp correction in the last two days. Volatility within this space is expected to continue to rise. Therefore, traders should be selective in their stock choices and focus on frontline counters, which are considered safer bets in such a scenario. Additionally, attention should be paid to the banking sector, as it has been oscillating within a range for over a month and is now at an interesting juncture where a strong movement in either direction can be anticipated in the near term.

Long Short Ratio marginally corrected to 53%

Nifty spot closed at **18665.50** this week, against a close of **18826** last week. The Put-Call Ratio has decreased from **1.29** to **0.93** on Weekly basis. The annualized Cost of Carry is positive at **13.17%**. The Open Interest of Nifty Futures decreased by **5.21%**.

Derivatives View

Nifty current month's future closed with a premium of 40.40 against a premium of 73.15 points to its spot in the previous week. Next month's future is trading at a premium of 131.60 points.

The benchmark index witnessed some vigorous attempts to clock new highs in the previous week but failed to do so, and by the weekend, the Nifty50 index corrected 0.85 percent to close at a critical support level. On the derivatives front, Nifty witnessed a long unwinding on a weekly basis, whereas Bank Nifty had an insignificant change and remained in its slumber phase. On the options front, piling positions of put writers can be seen from 18700-18500 strikes, indicating a downward shift in the support base. While on the flip side, 18700-18800 had significant piling on the front of the call writing, showcasing a stiff nearby resistance for Nifty. Also, there have not been any substantial changes on the 'Long Short Ratio' front, as it marginally corrected to 53% from 55% on a WoW basis. Considering the mentioned data, we expect some consolidation in the near period, and one should remain fussy with their stock selection till we do not see clarity in the trend.

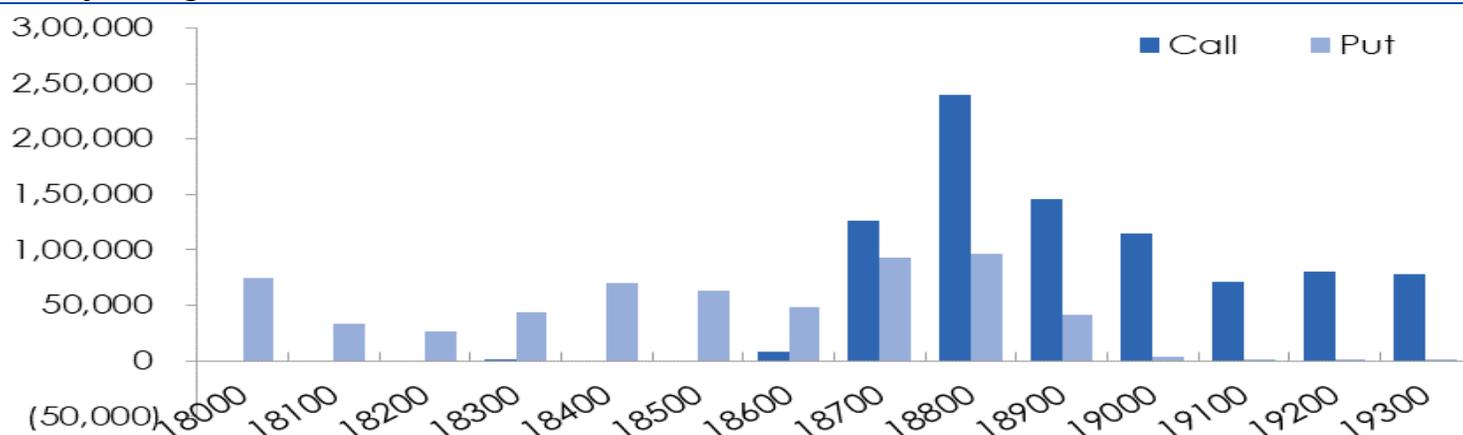
Long Formation

| Scrip | OI Futures | OI Chg (%) | Price | Price Chg(%) |
|------------|------------|------------|---------|--------------|
| SHRIRAMFIN | 7932000 | 64.92 | 1675.90 | 19.00 |
| PEL | 10957050 | 27.28 | 883.80 | 12.44 |
| HDFCAMC | 4759500 | 25.71 | 2009.55 | 5.47 |
| ICICIPRULI | 13714500 | 18.22 | 557.90 | 4.22 |
| MFSL | 5659000 | 9.95 | 747.90 | 7.80 |

Short Formation

| Scrip | OI Futures | OI Chg (%) | Price | Price Chg(%) |
|----------|------------|------------|---------|--------------|
| RBLBANK | 63620000 | 28.71 | 166.20 | (4.51) |
| ADANIANT | 12579850 | 21.86 | 2235.30 | (11.08) |
| PVRINOX | 4131457 | 18.01 | 1381.40 | (4.98) |
| IDEA | 694610000 | 16.40 | 7.50 | (4.46) |
| VOLTAS | 11334000 | 14.44 | 748.35 | (6.44) |

Weekly change in OI



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