

Nifty slipped below the key support, avoid undue risk

Sensex (58099) / Nifty (17327)



Source: Tradingview.com

Future outlook

Our market started the week on a mild note taking cues from the weak global markets, but the dip augurs well for the bulls initially, and the Nifty has seen two consecutive days of positive closure. As the week progressed, our markets seemed tentative at the higher grounds, and the weakness in the global markets eventually dragged the indices lower by the weekend. The benchmark index witnessed a correction consecutively for the second week and ended the session a tad above **17300** with a cut of over 1.16 percent to the previous week's close.

Technically speaking, the last session of correction has dampened the overall sentiments as the significant support of the unfilled gap got breached decisively, implying strong momentum in the sell-off. The weakness in the global markets and the upcoming key domestic data have put a sense of tentativeness among the market participants. As we have witnessed a decisive breach below the major support zone in Nifty, one should not rule out the possibility of it testing the immediate swing low of **17150** odd zone, while the sacrosanct support lies at the psychological mark of **17000**. On the flip side, a series of resistances could be seen starting from **17500** to **17800** in the comparable period.

Considering the recent price action, traders are advised not to carry aggressive overnight bets for a while and should adapt the strategy to follow one step at a time and respect levels on either side. The unfavorable global scenario was one of the major catalysts for the fall in the week; hence, one should stay abreast with global developments and the upcoming key domestic macro data. Also, one can continue to focus on individual stocks as the thematic moves are still playing out well in the market.

Tentativeness at higher grounds, PCR plunged to 0.76

Nifty spot closed at **17327.35** this week, against a close of **17530.85** last week. The Put-Call Ratio has increased from **0.75** to **0.76**. The annualized Cost of Carry is positive at **2.56%**. The Open Interest of Nifty Futures increased by **4.37%**.

Derivatives View

Nifty current month's future closed with a premium of 8.50 against a premium of 35.30 points to its spot in the previous week. Next month's future is trading at a premium of 66.85 points.

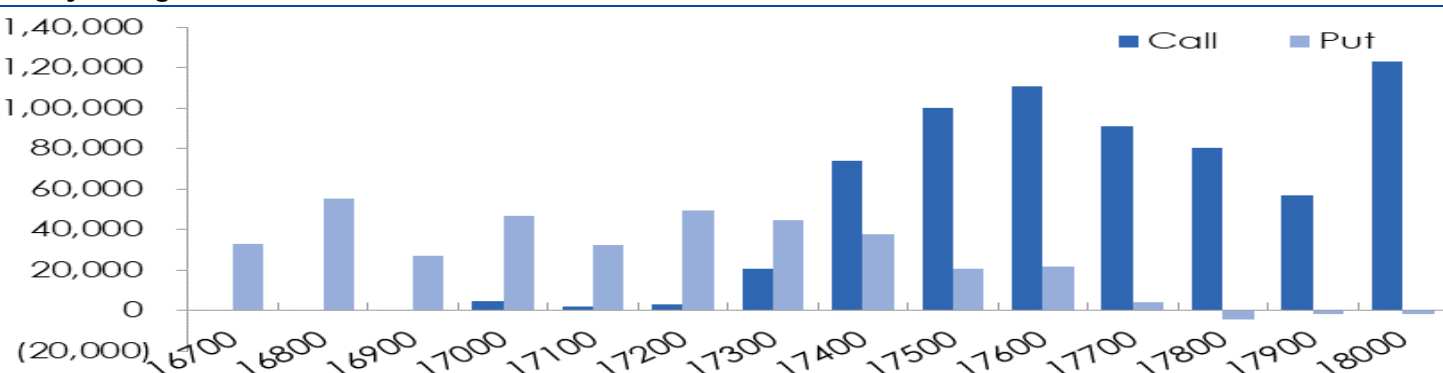
The Indian equity market has seen a roller coaster week once again, wherein we had a pleasant start with follow-up buying to touch 17900 mark on Tuesday. However, some nervousness was seen at higher levels and strong selling was observed on last two sessions to drag index towards 17300. There have been mixed positions in the F&O space throughout the week, but on net basis shorts were added. On the options front, piling up of positions is visible in the 17400-17600 call strikes, indicating the vicinity of 17500 may now act as hurdle. While on the lower end, 17000 put strike have seen piling up of positions, which hints support has now shifted to 17000-17100. Meanwhile, the stronger hands have turned net sellers in cash and index future segments in the last three sessions. Hence, their 'Long Short Ratio', plunged to 20% from 28% WoW. Going ahead, it is advisable to keep a close tab global developments and be very selective for next couple of sessions.

Long Formation

| Scrip | OI Futures | OI Chg (%) | Price | Price Chg(%) |
|------------|------------|------------|---------|--------------|
| CIPLA | 9519900 | 29.20 | 1062.75 | 1.61 |
| ITC | 93392000 | 15.93 | 346.35 | 4.24 |
| NMDC | 64728700 | 15.11 | 128.10 | 2.23 |
| CUMMINSIND | 3727200 | 9.48 | 1217.95 | 2.18 |
| TVSMOTOR | 7716800 | 8.14 | 1040.55 | 1.49 |

| Scrip | OI Futures | OI Chg (%) | Price | Price Chg(%) |
|------------|------------|------------|--------|--------------|
| CANFINHOME | 5966025 | 192.36 | 516.95 | (18.83) |
| GUJGASLTD | 8012500 | 50.68 | 487.20 | (3.29) |
| M&MFIN | 27028000 | 35.74 | 195.15 | (14.09) |
| MUTHOOTFIN | 8971125 | 29.13 | 965.90 | (5.99) |
| IDEA | 841890000 | 22.47 | 8.90 | (3.26) |

Weekly change in OI



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