

## Global overhang keeps market in check; Midcap index in jeopardy

### Sensex (65398) / Nifty (19543)



Source: Tradingview.com

### Future Outlook

The Indian equity market started the week on a cautious note, wherein the benchmark index initially showed some resilience to the global uncertainties and tried making a move on the higher front. But by the latter half of the week, it succumbed to the global pressure and slipped towards the pivotal support zone. Eventually, Nifty took a breather after two consecutive weeks of recovery and managed to withhold the crucial zone **19500**, with a cut of over a percent in the week.

Technically, the Nifty50 index was restrained from the bearish gap on the daily chart and reverted towards the pivotal level amidst the unfavourable global scenario. Fortunately, there has not been a significant plunge in our indices, rather just a retraction into the consolidation zone. The market conditions remain tentative till global uncertainty prevails and the same could be seen on the technical charts. As far as levels are concerned, the bullish gap of **19490-19450** withholds immediate support, followed by **19400**, while any breakdown could disrupt the ongoing view, and the recent swing low of **19333** would become very much in the vicinity. On the higher end, **19700-19750** is expected to act as an immediate hurdle, followed by the formidable resistance of **19850-19880** (Bearish Gap) and an authoritative breakthrough could only re-strengthen the lost momentum to the bulls of D-Street.

Going ahead, we would likely remain cautious amidst the ongoing geopolitical scenario, which may be deceptive and could trap the traders on either side. Hence, one needs to follow the aforementioned levels thoroughly and in the meantime, stay abreast with the geopolitical developments. Also, it is advisable to avoid aggressive overnight bets as an intense bout of profit booking/correction is evident in the Midcap space as indicated by the negative crossover of the 'RSI-Smoothed in weekly time frame chart. This condition is very rare as the negative development in this oscillator is visible in the extreme overbought territory, coupled with a breakdown in prices during Friday's session.

## Stronger hands added bearish bets

Nifty spot closed at **19542.65** this week, against a close of **19751.05** last week. The Put-Call Ratio has decreased from **1.14** to **0.90** on a weekly basis. The annualized Cost of Carry is at **-1.28%**. The Open Interest of Nifty Futures decreased by **4.49%**.

### Derivatives View

Nifty current month's future closed with a discount of 14.80 against a discount of 9.00 points to its spot in the previous week. Next month's future is trading at a premium of 111.50 points.

The market witnessed a volatile week, initially index rebounded towards 19850 mark. However, we witnessed smart selling on Wednesday and follow-up selling was extended till the last day to test 19550. Eventually, with no sign of recovery, the index concluded the week tad above 19500. On the derivatives front, we observed decent unwinding in key indices on a WoW basis. FII's remained net sellers in equities on net basis and added bearish bets in index futures segments. Hence their LSR decreased slightly to 26% from 27% seen during the start of the week. For the coming monthly series, call writers reminded activity in 19600-19700 strikes, while no relevant activity was observed on the put side. Highest open interest concentration is now visible in 19600 call and 19500 put strikes. For now, we would advocate avoiding any aggressive directional bets in index and trade in individual space but being selective.

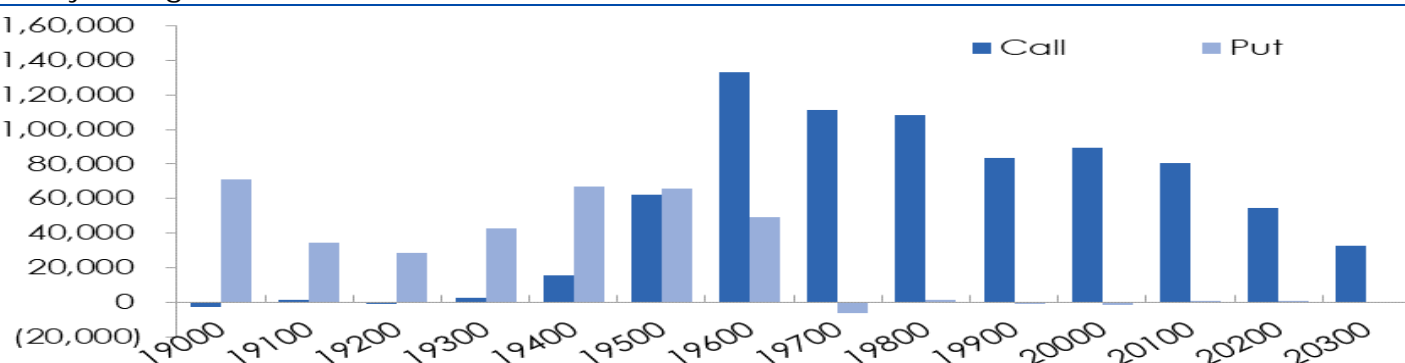
#### Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
DELTACORP	15545600	23.38	140.35	7.47
BHEL	118566000	11.25	128.40	2.64
COROMANDEL	1467200	9.22	1154.55	1.21
HINDUNILVR	9578100	9.12	2569.95	3.22
GRANULES	10134000	9.11	354.25	2.65

#### Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
HDFCLIFE	18423900	21.47	625.60	(2.17)
BALRAMCHIN	12412800	15.76	417.25	(1.53)
JKCEMENT	778500	13.61	3250.65	(1.67)
LTIM	1919400	13.38	5099.75	(6.04)
INDIACEM	24423800	13.11	223.45	(1.37)

### Weekly change in OI



Sameet Chavan	Head Research – Technical & Derivatives	<a href="mailto:sameet.chavan@angelone.in">sameet.chavan@angelone.in</a>
Sneha Seth	Senior Analyst – Technical & Derivatives	<a href="mailto:sneha.seth@angelone.in">sneha.seth@angelone.in</a>
Rajesh Bhosale	Analyst – Technical	<a href="mailto:rajesh.bhosle@angelone.in">rajesh.bhosle@angelone.in</a>
Osho Krishan	Senior Analyst – Technical & Derivatives	<a href="mailto:osho.krishan@angelone.in">osho.krishan@angelone.in</a>
Hitesh Rath	Analyst – Technical & Derivatives	<a href="mailto:hitesh.rathi@angelone.in">hitesh.rathi@angelone.in</a>

Research Team Tel: 022 - 39357600

Website: [www.angelone.in](http://www.angelone.in)For Technical QueriesE-mail: [technicalresearch-cso@angelone.in](mailto:technicalresearch-cso@angelone.in)For Derivative QueriesE-mail: [derivatives.desk@angelone.in](mailto:derivatives.desk@angelone.in)**DISCLAIMER**

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