

### Lowest close in last four months; Nifty enters key support zone

**Sensex (59464) / Nifty (17466)**



Source: Tradingview.com

### Future outlook

Tracking the mixed global cues, the Indian equity market had a decent start to the week. However, there was no follow-up buying around the **18000** level and prices slipped lower throughout the session. As the week progressed, the sell-off exaggerated once the **17800** support was broken and like a tumbling house of cards, there was selling in the broader markets. Eventually, after five days of continuous weakness, the prices had the lowest close in the last four months to end a tad above **17450** with a weekly loss of more than 2.5%

During the mid-week, US bourses turned catalyst to break some important support levels in our market, and from there as the bears got the grip on the market, they refused to give up. After the major traction seen on the Union Budget Day, the entire February month has traded in a range and after failing to hold the higher end of the range the prices have now slipped towards the lower end. Technically, if we see, this lower end around **17400 – 17350** coincides with an ascending trendline and 200SMA support. This set-up of support is visible in all the major indices and hence the market is at a make-or-break level. Considering the oversold conditions, we remain hopeful that this key support will be defended and hence we refrain from creating fresh short positions over here. If in case the support is broken, then the **17200 – 17100** would be the next support to watch out for, where one can pick good quality propositions in a staggered manner. Immediate resistance is seen around **17600** beyond which some positive developments may trigger and for the tide to turn back in the bulls' favor will have to close above **17800** on a sustained basis. With global uncertainty, volatility is likely to remain on the higher side and hence traders are advised to keep a tab on the mentioned levels and trade accordingly.

## Short rollover for key indices

Nifty spot closed at **17465.80** this week, against a close of **17944.20** last week. The Put-Call Ratio has decreased from **0.88** to **0.79** on Weekly basis. The annualized Cost of Carry is positive at **6.73%**. The Open Interest of Nifty Futures increased by **5.05%**.

### Derivatives View

Nifty current month's future closed with a premium of 90.45 against a premium of 114 points to its spot in the previous week. Next month's future is trading at a premium of 190.20 points.

The selling extended in the final week to end tad below 17500 mark. During February series, we saw addition of shorts in both the key indices. Rollover in Nifty and BankNifty stood at 73% and 84% respectively, which is below the three-month average figure. However, we saw open interest addition series on series and especially banking index which added more than 35%, suggesting decent amount of positions have been rolled over to March series. Stronger hands have been adding shorts and they also preferred rolling over same hence their index futures 'Long Short Ratio' declined to 18% from 23% on a weekly basis. The above data hints, decent portion of shorts are intact in system and considering FII's LSR, we believe market is extremely oversold for now. Hence, traders should lighten up shorts if any.

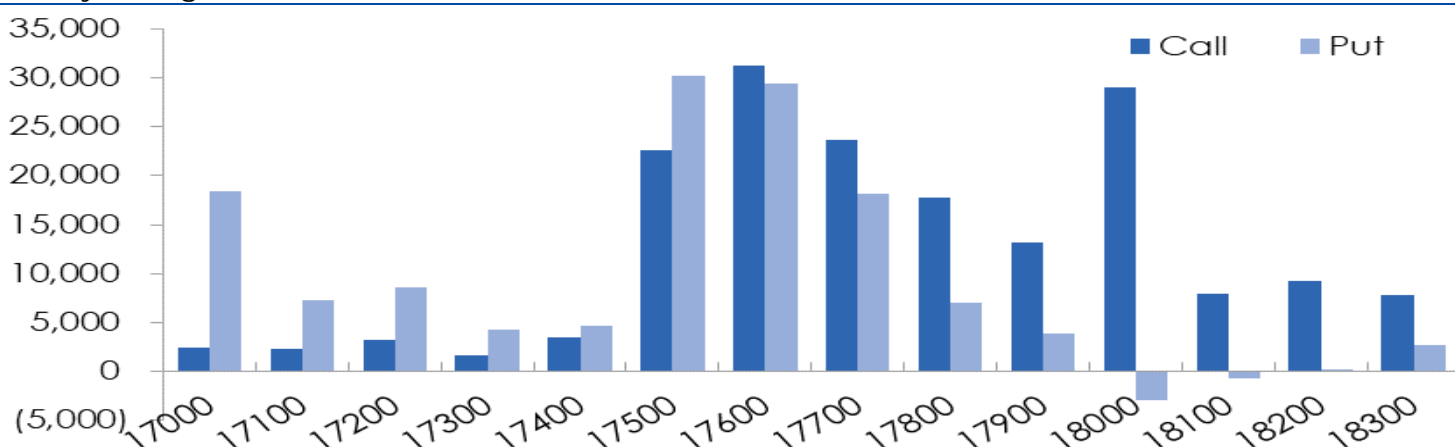
#### Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
GAIL	65797650	18.72	104.10	8.21
GNFC	8216000	5.30	554.30	2.12
NTPC	73370400	0.89	171.95	2.20
-	-	-	-	-
-	-	-	-	-

#### Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
PEL	5861350	16.89	800.00	(7.92)
NMDC	45787500	11.86	112.75	(7.20)
JUBLFOOD	14915000	10.38	443.45	(2.78)
ADANIANT	13792000	9.95	1318.55	(23.52)
ABFRL	21135400	6.61	231.50	(11.66)

### Weekly change in OI



Sameet Chavan	Chief Analyst – 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	Technical Analyst	<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>

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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