

Global tremors lead to profit booking at record highs

Sensex (66009) / Nifty (19674)



Source: Tradingview.com

Future Outlook

The Indian equity markets started the week with a hint of profit booking, taking cues from the nervousness in the global bourses. As we slipped into the truncated week, the sell-off intensified, with a series of gap-down openings and eroded over 50 percent of the September month gains. Amidst global weakness and firm profit booking, the Nifty50 index concluded the week with a deep cut of 2.57 percent and settled a tad below the **19700** zone.

From a technical point of view, the Nifty index has seen an intense correction after three consecutive weeks of rallying and settled below the 50% Fibonacci retracement. The recent price action certainly portrays the ferocity of the bears, which not only decisively dragged the index below the psychological mark but yielded a dent in the ongoing undertone. As far as levels are concerned, the **19600-19500** zone is likely to cushion the blips. While on the higher end, **19780-19800** is likely to be seen as intermediate resistance, followed by a series of resilience from **19850-19900** and finally the **20000** mark in the near term period.

Positive global developments could only put a halt to the ongoing carnage and it would be very engaging to watch how things pan out in the upcoming week. For now, one needs to stay very selective with stock preferences and avoid being aggressive in the markets.

Banking index added meaningful shorts

Nifty spot closed at **19674.25** this week, against a close of **20192.35** last week. The Put-Call Ratio has decreased from **1.31** to **0.93** on a weekly basis. The annualized Cost of Carry is at **9.01%**. The Open Interest of Nifty Futures decreased by **8.49%**.

Derivatives View

Nifty current month's future closed with a premium of 34.00 against a premium of 57.25 points to its spot in the previous week. Next month's future is trading at a premium of 148.40 points.

The Indian equity market witnessed a week of profit-taking, wherein the Nifty dragged below 19700, eroding 2.6% WoW. On the derivatives front, the fall seen during last week was mainly due to long unwinding in Nifty; but the banking index witnessed meaningful short formation. For the coming monthly expiry, put writers' shifted position to 19600-19500 strikes, indicating a downward shift in the support. On the other side, the highest OI concentration stands at 19800 call strike, indicating the intermediate resistance. Considering the quantum of shorts formed in the banking index and writing in 19800 call strikes, we would advise avoiding any aggressive bets for the time being and waiting for the market to stabilize.

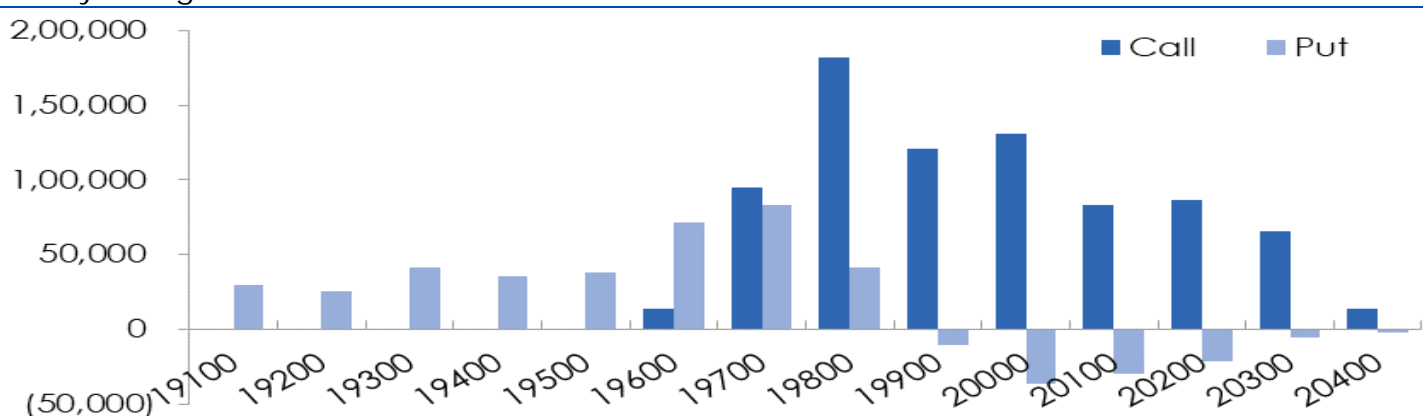
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
GRANULES	15138000	29.25	337.80	1.69
CANBK	68231700	12.69	383.20	4.83
AUBANK	14017000	8.17	744.60	1.57
COLPAL	2723350	6.79	2006.25	0.92
COALINDIA	87935400	4.20	283.50	1.41

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
BERGEPAINT	13866600	41.70	619.70	(10.24)
HDFCBANK	142290500	31.64	1533.70	(7.74)
IDEA	1540880000	23.63	11.35	(3.81)
SBICARD	11436800	22.80	799.60	(4.91)
JKCEMENT	813500	21.46	3157.40	(4.07)

Weekly change in OI



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