

Weakness persists for fifth week; Nifty at make-or-break level

Sensex (64887) / Nifty (19266)



Source: Tradingview.com

Future Outlook

The Indian equity markets had a subdued start to the week, wherein the benchmark index remained confined to a slender range during the first half of the week. However, by the weekly expiry, substantial volatility was seen, followed by a strong sell-off in the last trading session. Eventually, the index plunged to the lower band of the consolidation by the weekend and the losing streak continued for the fifth consecutive week. Amidst the sell-off, Nifty settled a tad above **19250** zone, with a cut of 0.23 percent on a weekly basis.

The bears continued their dominance as the mid-week rally was decisively sold into, dragging the index toward the critical support zone. However, the positive development that could be seen from a technical point of view is the formation of an 'Inverted Hammer' on the weekly chart. And if there are no global aberrations, then we might witness a rebound in domestic markets. On the levels front, a plunge below the bullish gap of **19230-19200** could disrupt the near-term view and we may re-test the **19000** mark on the downside in the upcoming week. While on the higher end, **19350-19400** is to be seen as an immediate hurdle, followed by the major resistance of **19500** in the comparable period.

Going ahead, the aforementioned candlestick formation and the traction in the high-beta Banking index could be seen as a ray of hope for the bulls. Also, any global favorable conditions could provide a much-needed impetus for a strong recovery from hereon. Hence, we would advocate short-term traders to stay abreast with the global developments along with the mentioned technical levels for the upcoming trading week.

PCR-OI hinting oversold condition

Nifty spot closed at **19265.80** this week, against a close of **19310.15** last week. The Put-Call Ratio has decreased from **0.98** to **0.83** on a weekly basis. The annualized Cost of Carry is negative at **5.87%**. The Open Interest of Nifty Futures increased by **2.60%**.

Derivatives View

Nifty current month's future closed with a discount of 15.15 against a premium of 21.35 points to its spot in the previous week. Next month's future is trading at a premium of 99.55 points.

The Indian Equity market with a range bound move in the initial three trading session. However, last two session was indeed a volatile one, wherein we witnessed sell-off at the higher range of 19550-19600 to drag index below 19300 on the closing basis. On the derivatives front, Nifty and banking index witnessed some short formation on a weekly basis. On the options front, call writers of 19300-19400 strikes added meaningful positions. While on the flip side, the put writers of 19000-19200 strikes remained active and added few bets. FII's activity in equities remained mixed but preferred adding few shorts in index futures segment. Considering the mentioned data, it is important to see today's follow-up action; however, PCR-OI is still hinting towards oversold condition for the market.

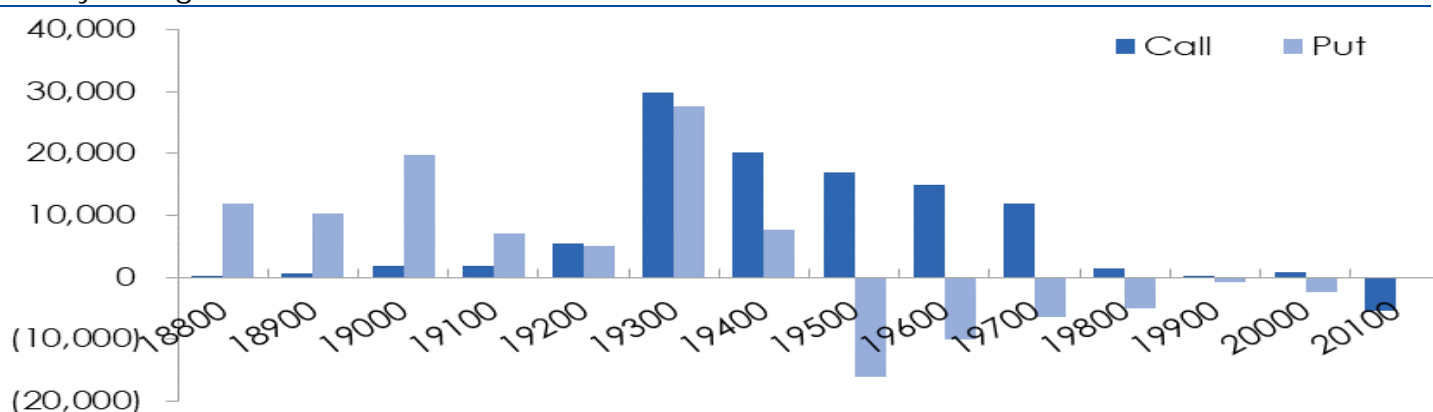
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
ESCORTS	1600225	44.07	2834.15	9.37
SYNGENE	3818000	17.37	804.20	0.73
NMDC	92011500	7.92	115.40	0.96
TRENT	4259200	5.14	1973.85	4.40
PVRINOX	3687420	2.36	1721.75	4.52

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
MUTHOOTFIN	6732000	44.25	1237.40	(8.09)
HINDCOPPER	31932500	31.32	140.80	(11.17)
KOTAKBANK	32965200	15.09	1755.80	(2.52)
COFORGE	991200	13.31	4932.40	(5.33)
HDFCAMC	3231600	12.52	2469.55	(2.76)

Weekly change in OI



Sameet Chavan	Head Research – Technical & Derivatives	sameet.chavan@angelone.in
Sneha Seth	Senior Analyst – Technical & Derivatives	sneha.seth@angelone.in
Rajesh Bhosale	Analyst – Technical	rajesh.bhosle@angelone.in
Osho Krishan	Senior Analyst – Technical & Derivatives	osho.krishan@angelone.in
Hitesh Rathi	Analyst – Technical & Derivatives	hitesh.rathi@angelone.in

Research Team Tel: 022 - 39357600

Website: www.angelone.inFor Technical QueriesE-mail: technicalresearch-cso@angelone.inFor Derivative QueriesE-mail: derivatives.desk@angelone.in**DISCLAIMER**

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