

Gravity-defying moves for the markets; some cool-off seems on the cards

Sensex (79033) / Nifty (24011)



Source: Tradingview.com

Future Outlook

It was an exceptional week for the bulls as markets reached new milestones. The week began on a negative note on Monday, with prices testing the previous week's lows. However, the bulls saw this as an opportunity and pushed prices higher. Prices continued to climb for four consecutive sessions, surpassing the **24000** level for the first time. On Friday, the market opened positively and hit a new high of **24174**, but some profit-taking in the second half led to a close just above **24000**, marking a weekly gain of over 2%.

Amidst all the key events, June was a remarkable month for the markets, with gains exceeding 6.5%. This week's upward move was particularly sharp, driven by strong performances across all major sectors, bringing smiles to traders and investors fraternity. While the market appears to be in a strong bull run, the next move in the coming week might be challenging as oscillators across all major time frames are in overbought territory. Often, overbought conditions indicate potential inherent signs; however, in the near term, a cool-down cannot be ruled out. While taking contra-bets and shorting the market is not advised, taking some profits is prudent, as a correction, either in price or time, is anticipated. This correction should be seen as healthy for the ongoing bull run. Given the market's vertical rise into uncharted territory, pinpointing key trading levels is challenging. However, **24200 to 24250** is expected to act as immediate resistance, while **23850** followed by **23650** may serve as crucial support levels.

This week's activity was mainly driven by the heavyweight banking sector and Reliance, both of which had remarkable performances. During this period, the mid-cap sector was relatively quiet, but we may see action returning to this space in the coming week as key indices consolidate. Traders are advised to focus on stock-specific action for potential outperforming opportunities.

Long Short Ratio skyrocketed to 83%

Nifty spot closed at **24010.60** this week, against a close of **23501.10** last week. The Put-Call Ratio has increased from **1.04** to **1.17** on a weekly basis. The annualized Cost of Carry is positive at **6.60%**. The Open Interest of Nifty Futures increased by **1.19%**.

Derivatives View

Nifty current month's future closed with a premium of 121.65 against a premium of 111.30 points to its spot in the previous week. Next month's future is trading at a premium of 225.40 points.

The Indian equity market experienced a robust week of trading, largely driven by strong buying interest in the banking space and index-heavyweight RIL. The benchmark propelled into uncharted territory and precisely settled above the 24000 milestone with weekly gains of over 2 percent. In the derivatives segment, we observed the addition of fresh long positions in Nifty and short covering in BankNifty on a weekly basis. On the options front, scattered piling of OI is seen from 24000-23700 put strikes, suggesting a series of support zones for the Nifty. On the higher end, 24200-24500 CE gained traction among call writers. FIIs significantly increased their long positions in the index futures, causing the Long Short Ratio to reach an alarming level of 83% from 57% on WoW, indicating that the market is extremely overbought. Given these data points, the market's undertone seems overly stretched, and some profit booking seems on the cards. Hence, at the current level, it is advisable to take a pragmatic approach with proper risk management.

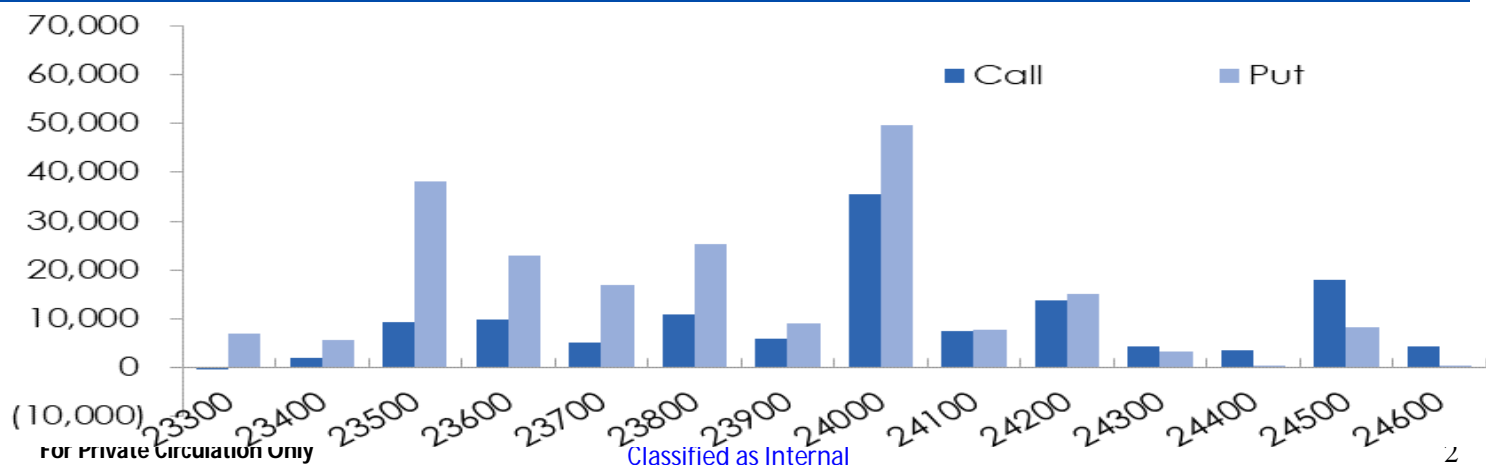
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
ULTRACEMCO	2315000	23.08	11599.70	8.59
MRF	62180	8.45	130121.00	3.50
TRENT	3256800	8.18	5503.70	4.60
JKCEMENT	534875	7.19	4400.50	3.87
BRITANNIA	2581800	5.82	5499.30	3.02

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
POLYCAB	3599500	107.03	6758.55	(4.77)
OBEROIRLTY	7676900	17.98	1773.40	(6.01)
CROMPTON	21596400	17.23	404.95	(4.97)
NMDC	88051500	11.72	247.85	(8.15)
BHARATFORG	6710500	10.12	1672.05	(4.39)

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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