

Bulls Extend Winning Streak to Six Weeks, IT Sector Fuels Market Rally

Sensex (80519) / Nifty (24502)



Source: Tradingview.com

Future Outlook

Bulls continued their strong performance, extending their lead for the sixth consecutive week. Throughout the week, various sectors maintained optimism, while the benchmark index traded within a range. On Friday, strong buying in the IT sector following TCS results triggered much-needed impetus pushing the Nifty to a new milestone of **24500**, closing a tad above it with a 0.73% gain from the previous week's close.

On the daily chart, prices are gradually inching higher with a series of small body candles observed within a range. Throughout the week, dips were bought, and the **24150 - 24200** zone acted as a strong support for the bulls. Conversely, the resistance around **24450 - 24500** was broken due to strong buying in the IT sector on Friday. Moving forward, despite the markets appearing overbought by various measures, there are no signs of weakness, and bulls remain in control, supported by sector rotation. The ideal strategy would be a stock-centric approach, focusing on the theme of the day for better trading opportunities. For the Nifty, close attention needs to be paid to the **24200 - 24150** zone. If this level is breached, it could signal the first sign of weakness, possibly reaching **24000** and below ahead of the budget. On the flip side, there is no clear resistance as prices are trading in uncharted territory. However, the golden retracement of the panic fall seen on election result day is around **24610**, which is technically significant, along with **24700**, seen as key resistance levels. Traders need to monitor these levels closely.

While the TCS results triggered fresh buying on Friday, many more key results are expected, and markets are likely to be influenced by these outcomes. Traders should avoid aggressive bets and focus on these events.

PCR-OI of Nifty soared to 1.28

Nifty spot closed at **24502.15** this week, against a close of **24323.85** last week. The Put-Call Ratio has increased from **1.20** to **1.28** on a weekly basis. The Open Interest of Nifty Futures increased by **1.93%**.

Derivatives View

Nifty current month's future closed with a premium of 19.45 against a premium of 55.55 points to its spot in the previous week. Next month's future is trading at a premium of 140.85 points.

The Indian equity market had a strong week of trading, with the benchmark index inching higher and clocking fresh record highs. The market maintained its winning spree for the sixth straight week. In the derivatives segment, we observed the addition of long positions in the benchmark index, while long unwindings were seen in Bank Nifty on a weekly basis. For the upcoming weekly series, there is a significant pile-up of positions at the 24500-24400 PE, indicating an upshift in the support. While on the higher end, scattered positioning is observed for 24700-24900 call strikes. FIIs remain buoyant, with their mixed bets in cash and futures, leading to a slight cool-down in the Long Short Ratio to 79% from 84% on WoW. Given these developments, the market's mood is still positive, but there is expected to be higher volatility in the upcoming sessions. At the same time, overbought conditions still exist, so it's important to be cautious and focus on stock-specific action.

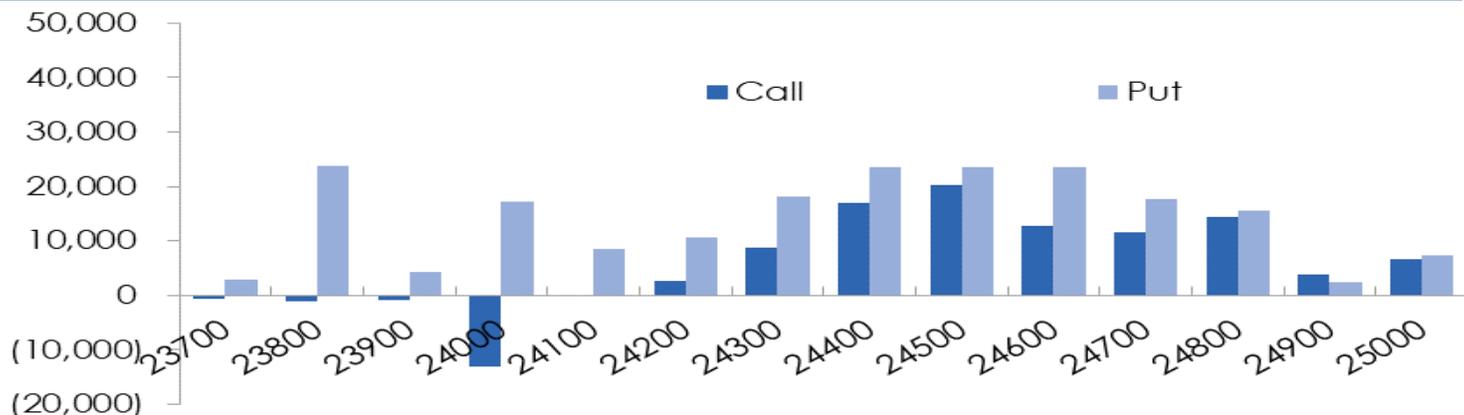
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
ATUL	1103300	54.74%	6987.7	3.19%
GRASIM	10968250	43.30%	2848.7	3.33%
MANAPPURAM	56040000	22.27%	224.33	6.62%
ITC	126104000	17.54%	460.05	5.78%
TCS	20291600	17.52%	4177.55	4.15%

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
RAMCOCEM	10960750	25.10%	795.45	-2.10%
SHRIRAMFIN	8135700	24.81%	2789.65	-2.41%
M&M	17322900	24.64%	2712.95	-6.07%
LTTS	1381800	17.51%	4994.55	-2.25%
TATACHEM	12359600	15.66%	1067.35	-3.65%

Weekly change in OI



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