

Nifty snaps weekly losing streak, coming week to decide immediate direction

Sensex (77506) / Nifty (23482)



Source: Tradingview.com

Future Outlook

The recent elongated trading week brought significant developments in both economic and technical aspects for the Indian equity markets. The benchmark index showcased a strong bullish trend throughout the week, navigating some volatility during the Budget session, yet ultimately concluded with a positive outcome. With gains of nearly 1.70 percent, the index settled just below the **23500** zone, reflecting a modest pullback.

A decent bullish candlestick on the weekly chart has overshadowed previous candle but it does not qualify for the term 'Bullish Engulfing Candlestick' pattern, since the previous candle also needs to be big theoretically. Having said that, market has certainly seen a respite precisely at the lower end of the 'Falling wedge' pattern (in daily time frame) which we have been mentioning since the last couple of weeks. Now, the major Union Budget is behind us, and it appeared as a non-event but practically speaking, FII participation was very minimal. Hence, the actual reaction is likely to be witnessed on Monday and hence, we need to wait for a day or two to understand whether the market has really discounted the Budget factor or not. Additionally, the risk with respect to Donald Trump imposing various tariffs is still looming over. Hence, it's better not to jump on to any conclusion at this moment and better to keep a close eye on these developments. Technically, the 20 DEMA levels of **23400 - 23350** is to be seen as immediate supports and in case of any aberration, **23100 - 22800** are to be treated as key support zones in the coming week. On the upside, the 50 DEMA around **23670-23700** and the upper band of the 'Falling Wedge' near **23800 - 24000** are likely to serve as key resistance levels to watch in the upcoming period.

As we look to the upcoming week, there are several important events on the horizon, including the MPC outcome, the Delhi state election, and developments regarding US tariffs. These events present an opportunity for market participants to remain engaged and informed, as they are likely to introduce some volatility. Embracing a proactive approach with effective risk management will be essential in navigating this dynamic landscape.

Long Short Ratio hints extremely oversold situation

Nifty spot closed at **23,482** this week, against a close of **23,092** last week. The Put-Call Ratio has slightly increased from **0.84** to **0.87** on a weekly basis. The Open Interest of Nifty Futures decreased by **6.69%**.

Derivatives View

Nifty current month's future closed with a premium of 73.40 against a premium of 154.45 points to its spot in the previous week. Next month's future is trading at a premium of 212 points.

The eventful and extended week for the Indian equity market ended on a strong note, with weekly gains of nearly two percent. On the derivatives front, we observed a reduction in open interest across both key indices, suggesting that short positions have been well covered throughout the week. For the upcoming weekly series, open interest build-up remains scattered in the 23600–24000 CE range, with no significant activity observed on the put side. Foreign institutional investors continued their selling streak in equities, while their activity in index futures has been mixed. The Long-Short Ratio has dropped to 12% from 20% week-on-week, indicating an oversold condition. Given the recent recovery and developments in the F&O space, we anticipate that the 23,300–23,000 zone will provide immediate support, with resistance between 23,800–24,400. Given the market's likely volatility due to events scheduled for this week, it is advisable to maintain a cautious stance.

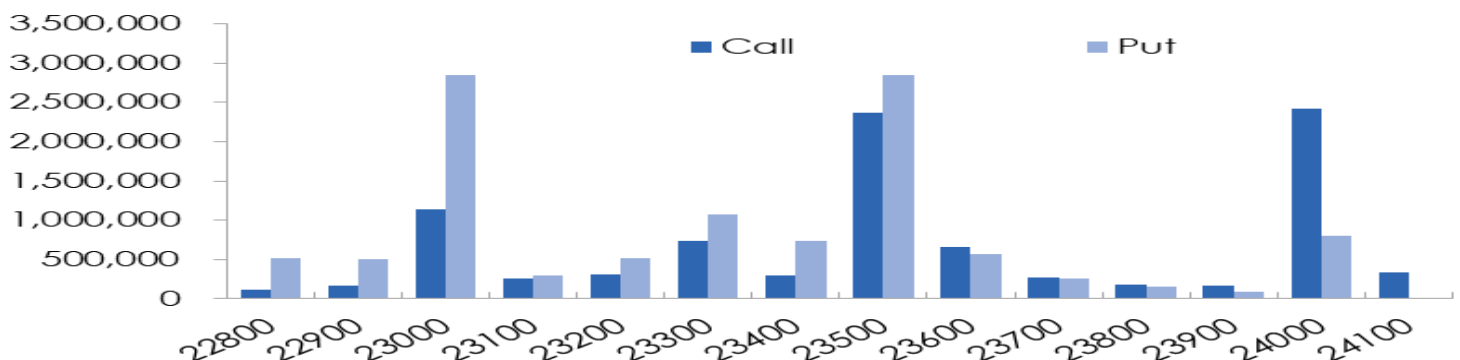
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
INDIANB	5382700	45.13	538.45	7.49
ITC	70504000	33.77	458.15	3.54
BANKINDIA	49639600	21.79	108.92	10.48
GODREJPROP	6443325	16.93	2370.45	9.82
GODREJCP	13066500	15.48	1189.25	4.95

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
JSWENERGY	16587750	38.94	473.90	(12.86)
IGL	29482750	38.40	194.30	(49.43)
VOLTAS	9133200	26.13	1326.80	(9.13)
ABB	2616375	21.54	5508.90	(10.72)
CDSL	7246400	20.58	1303.60	(13.21)

Nifty Put-Call Analysis (Feb series)



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