

## Nifty corrected for 5 months in a row, plummeted 6% in Feb

**Sensex (73198) / Nifty (22125)**



Source: Tradingview.com

### Future Outlook

The Indian equity markets experienced a significant downturn during the shortened and eventful week of monthly expiry, with the benchmark index plummeting nearly 3 percent, indicating a potential major breakdown. The subdued movement at the start of the week followed a dramatic sell-off over the weekend, dampening the sentiment among market participants. February has been one of the most bearish months, with the benchmark index shedding nearly 6 percent and concluding near the 22100 zone.

The recent global developments have sparked considerable anxiety, resulting in a frantic sell-off that has reverberated across every sector, plunging equity investors into a state of turmoil. The benchmark index has plummeted to levels reminiscent of a year ago, erasing all previous gains and the optimistic outlook built up over time. The technical support levels, which typically provide a buffer against sharp declines, have been mercilessly tested and compromised, leaving investors feeling as if their strategies have crumbled like a house of cards. From a technical standpoint, the consolidation zone from a year ago, marked around 22000-21800, is currently situated nearby and is expected to serve as a crucial support level for the Nifty50 index. This support could help stabilize the index during fluctuations. Conversely, the Bearish Gap at 22450-22500 is anticipated to function as an intermediate resistance barrier, potentially hindering upward movement. Following that, another significant Bearish Gap at 22670-22720 is likely to present a formidable challenge, making it difficult for the index to gain traction in the short term.

Looking ahead, it is essential to consider the recent market dynamics, particularly the significant sell-off that has accompanied a historical correction lasting five consecutive months - an occurrence we haven't witnessed in decades. This prolonged downturn may signal the possibility of a much-needed breather or stabilization on the horizon. However, investors must exercise caution and avoid adopting an overly aggressive stance during this volatile period. Instead, it would be wise to seek out well-researched, high-quality stocks for gradual accumulation, particularly for short to medium-term investment horizons. Additionally, keeping a close eye on global developments will be crucial for gaining insights into intermediate market trends, helping investors navigate this complex landscape effectively.

## Call writers added fresh bets, PCR at 0.78

Nifty spot closed at **22,125** this week, against a close of at **22,796** last week. The Put-Call Ratio has slightly decreased from **0.82** to **0.78** on a weekly basis. The Open Interest of Nifty Futures increased by **3.83%**.

### Derivatives View

Nifty current month's future closed with a premium of 155.35 against a premium of 167.15 points to its spot in the previous week. Next month's future is trading at a premium of 306.75 points.

The Indian equity markets experienced sharp selling pressure on the inaugural day of the March series, with the Nifty plunging nearly 2% in a single trading session. On the derivatives front, liquidation of positions was observed in key indices on a weekly basis, given that it was a monthly expiry week. For the upcoming weekly series, fresh writing was seen in 22200-22500 call options, while on the downside, the 21800 put strikes witnessed a significant buildup of positions. Stronger hands continued their selling spree in the Indian equity market and also turned net sellers in the index futures segment. However, the LSR remained unchanged at 15% on a week-on-week basis, indicating oversold conditions. With the market struggling to sustain higher levels and now approaching the critical psychological mark of 22,000, it is advisable to avoid fresh short positions and instead focus on adding quality stocks to the portfolio for the short to medium term.

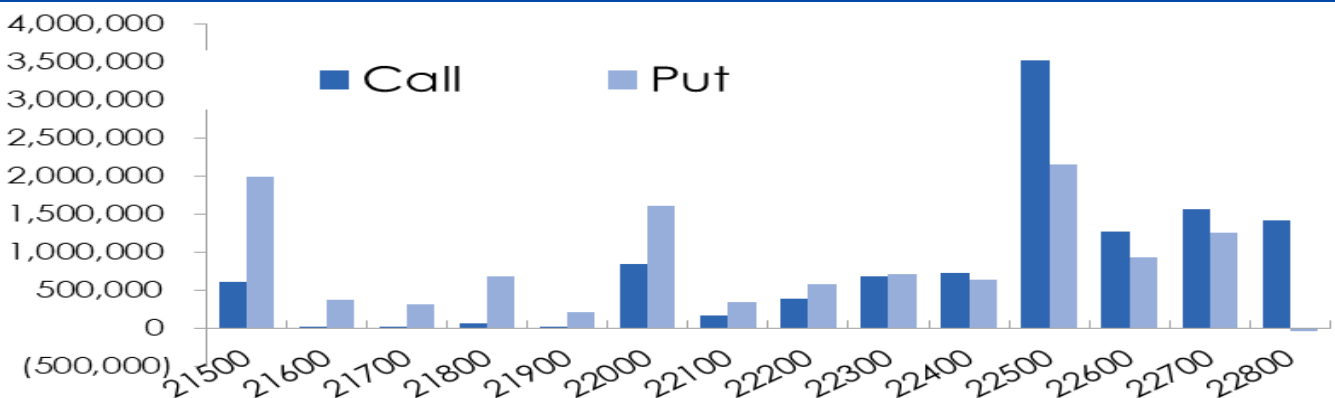
### Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
VOLTAS	10959600	17.93	1300.00	2.76
BAJFINANCE	9333125	1.44	8577.05	2.17
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

### Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
ULTRACEMCO	3658350	51.52	10192.75	(8.59)
POLYCAB	3309500	39.36	4717.90	(19.05)
KEI	1364700	35.35	2989.30	(21.95)
TIINDIA	1403700	16.10	2476.05	(7.67)
ADANIGREEN	14945625	14.45	777.95	(6.97)

### Nifty Put-Call Analysis (Feb series)



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