

23500 defended once again, but still not out of the woods

Sensex (79223) / Nifty (24005)



Source: Tradingview.com

Future Outlook

Our markets did not have a great start for the week but certainly the New year kicked in with a lot of hopes and buoyancy, especially on Thursday. Nifty not only managed to defend the **23500** mark but went on to challenge the key intermediate resistance of **24200 – 24300**. However, with some sluggishness on Friday, the Nifty ended the inaugural week with eight tenths of a percentage gain.

The market gave a sharp recovery on the weekly expiry session as if there is no tomorrow. But this is merely an expiry factor, or the tide has really turned for the pre-budget rally, time will tell. From an optimist point of view, we have managed to safeguard the multi-month upward sloping trendline on the daily time frame chart. It had proved its mettle during the previous three corrections and once again it provided the much-needed cushion. Hence, ideally this should confirm the completion of the 3-months corrective phase and should move higher. But historically its proven markets do not give ample time around the bottom, which has been the case in the last two weeks. Also, the major heavyweight space banking seems a bit uneasy around its '200-Day SMA' level of 50600. Most importantly, the negative crossover in the monthly 'RSI-Smoothed' oscillator is still not negated. Hence, although some of the data points indicate oversold condition, the possibility of sliding below **23500** cannot be ruled out. In this scenario, **23200** and even sub-**23000** levels are very much on cards.

We advise traders not to get carried away with in-between reliefs and should ideally avoid leveraged positions. This view will get negated if NIFTY breaks beyond the sturdy wall of **24500 – 24800**. Then markets would certainly gear up for the much-awaited pre-budget rally. Before this, **24200 – 24300** is to be seen as immediate resistance for the index.

PCR-OI plunged to oversold territory

Nifty spot closed at **24,005** this week, against a close of **23,813** last week. The Put-Call Ratio has decline from **1.03** to **0.86** on a weekly basis. The Open Interest of Nifty Futures increased by **9.53%**.

Derivatives View

Nifty current month's future closed with a premium of 87.65 against a premium of 179.25 points to its spot in the previous week. Next month's future is trading at a premium of 229.40 points.

In the derivatives segment, we observed an increase in bearish positions, particularly in the banking index, which saw notable additions. Ahead of the upcoming weekly expiry, fresh writing was seen in the 24100-24200 call options, with little to no significant activity on the put side. Stronger hands emerged as net sellers in both equities and index futures. The Long-Short Ratio stands at 17%, signaling an oversold condition. With profit-taking seen on Friday, follow-up buying above the 24200-24300 levels will be crucial to restoring market optimism. Until then, traders should exercise caution, avoiding aggressive positions in the index and focusing on individual stocks.

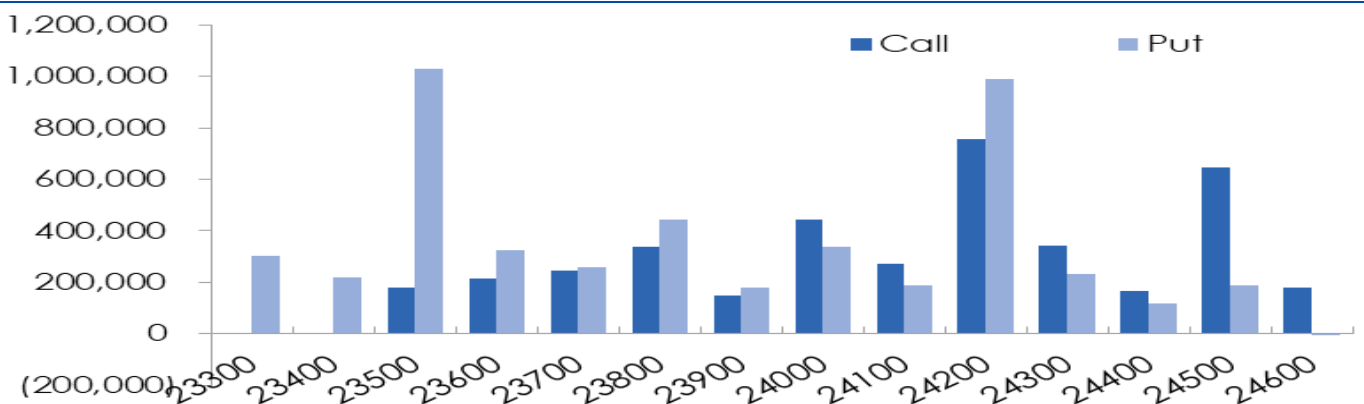
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
IRB	73041500	107.69	60.70	9.17
ATGL	3665750	66.84	720.10	5.57
KALYANKJIL	10168000	60.92	782.25	7.64
SJVN	16159500	52.07	109.38	1.31
DMART	3138450	35.14	4045.55	13.35

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
INDIANB	4695850	67.11	527.35	(3.84)
SUPREMEIND	634250	65.17	4622.20	(3.61)
JSL	2416450	58.43	681.00	(8.17)
TATAELXSI	921500	46.20	6636.35	(4.09)
CYIENT	964500	41.44	1772.40	(8.43)

Nifty Put-Call Analysis (Jan series)



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