

NIFTY plunges nearly 1200 points in 5-days, driven by simmering geopolitical tensions

Sensex (81688) / Nifty (25015)



Source: Tradingview.com

Future Outlook

Despite being a truncated week, the market witnessed significant action—unfortunately, it was against the bulls. The week began on a negative note, and as it progressed, the selloff accelerated. Any minor bounce was quickly sold into, leading Nifty to end the week with a sharp 4.31% decline, closing just above the **25000** mark.

The bears were in full control, effortlessly breaking through support levels and erasing more than 1200 points from the all-time high in just five sessions. In our previous outlook, we identified the key resistance level of **26200 - 26300**, the 100% target of the Year 2023 flag breakout, and after failing to surpass that level, prices precisely corrected from there. During the initial part of August and September, we saw nervousness in the market followed by a rally to new highs. However, the start of October paints a different picture as the market has broken below the trendline connecting the higher lows of the last two months, confirming a channel breakdown. With prices closing just at the key 50 EMA support, this has been one of the sharpest weekly drops in recent times, forming a strong bearish candle on the weekly chart, signaling more potential downside ahead. Given these observations, further pain is on the cards, with the next key support around the September swing low of **24750** followed by **24500**. However, traders should exercise caution with short positions, as some in-between bounces cannot be ruled out due to oversold conditions in momentum indicators on intraday charts. On the upside, Friday's high near **25500**, which coincides with the 20 EMA and the channel breakdown level, will act as a stiff resistance, with **25300** being the immediate resistance before that. Volatility is expected to remain elevated, and traders should avoid unnecessary risks. It's also crucial to monitor global developments, as well as regulatory updates, which have been contributing to the recent market selloff.

Long/Short ratio plummeted to 58%

Nifty spot closed at **25,014.60** this week, against a close of **26,179** last week. The Put-Call Ratio has decreased from **1.16** to **0.69** on a weekly basis. The Open Interest of Nifty Futures decreased by **12.15%**.

Derivatives View

Nifty current month's future closed with a premium of 159.25 against a premium of 166.20 points to its spot in the previous week. Next month's future is trading at a premium of 312.60 points.

The Indian equity markets witnessed a strong sell-off last week, with the benchmark index plummeting over 4 percent to settle the week a tad above the 25000 mark. In the derivatives market, we observed long unwindings in the benchmark and short additions in BankNifty on a weekly basis. On the options front, a significant shift of hands among PE writers was seen with the highest OI concentration at 25000 strikes, followed by 24800 PE for the upcoming expiry. On the contrary, 25200-25500 CE strikes witnessed decent piling, suggesting a series of resistances for Nifty. The FIIs have added shorts in the system, as the Long Short Ratio plummeted to 58% from 81% on a WoW basis. Considering the recent price action, it is advisable to avoid being aggressive as volatility may pick up further and be agile on both sides.

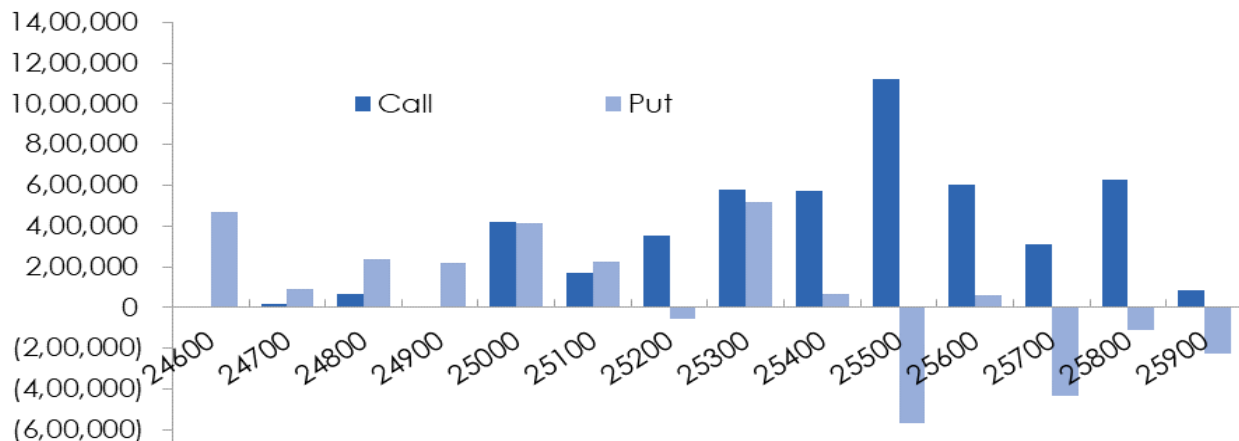
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
GRANULES	16672000	98.24	570.70	1.54
TATACHEM	13596550	46.20	1138.00	5.63
LALPATHLAB	763500	7.52	3474.50	5.17
NATIONALUM	76286250	5.91	221.31	5.87
METROPOLIS	1366000	5.60	2246.90	2.11

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
RELIANCE	69737250	36.20	2793.40	(9.35)
MUTHOOTFIN	4912050	22.02	1942.20	(6.32)
BATAINDIA	3644625	19.46	1367.95	(6.28)
GODREJPROP	3844575	17.82	2915.20	(9.51)
DABUR	20008750	17.50	575.60	(9.43)

Nifty Put-Call Analysis (Oct series)



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