

Bulls returned; Nifty retracted almost 50% of the decline

Sensex (81709) / Nifty (24678)



Source: Tradingview.com

Future Outlook

It was a remarkable week for the Indian equity markets, as the benchmark index decisively surpassed the resistance zone, breaking the bearish cycle of lower highs on the daily time chart. The bulls appear to have returned, with the Nifty50 index sustainably rising above all its major EMAs after a prolonged period. Ultimately, the Nifty marked its third consecutive week of gains, surging over 2.20 percent to close above the **24670** zone.

The benchmark index exhibited surprising movements this week but effectively handled the volatility and moved towards a more favorable position. Additionally, the cross-board buying emergence led to a smooth transition to the bullish trend. Structurally, the index has surged almost 6 percent from the recent lows and has now headed for the 50 percent Fibonacci retracement of the decline, which is placed around **24770**. The sentiments certainly have turned bullish but required a pragmatic approach with dips to augur well for buyers and staying light at elevated zones. Technically, the support base now shifts upward towards **24500** on an intermediate basis, which is likely to cushion any intra-week blips, followed by a sacrosanct support zone placed from the **24350-24250** zone. On the higher end of the spectrum, **24800** followed by **25000-25100** is likely to be seen as the next potential resistances for the benchmark index in the upcoming week.

The recent developments have certainly improved market sentiment, as key indices have shown a strong resurgence and have gained significant traction. However, given the current movements, it is advisable not to become overly aggressive. Instead, waiting for dips could be a more prudent strategy at this time. Simultaneously, staying abreast with global developments, along with being selective with stock preferences, is advisable.

FII curtailed shorts; Long Short Ratio at 45%

Nifty spot closed at **24,678** this week, against a close of **24,131** last week. The Put-Call Ratio has decreased from **1.08** to **1.03** on a weekly basis. The Open Interest of Nifty Futures increased by **2.50%**.

Derivatives View

Nifty current month's future closed with a premium of 105.45 against a premium of 334.30 points to its spot in the previous week. Next month's future is trading at a premium of 273.30 points.

The Indian equity markets had a strong week as Nifty broke its bearish trend, surging over 2.20% to close above the 24670 zone. In the derivatives segment, addition of decent long positionst was observed in major indices, during the week. For the upcoming weekly series, the put writers shifted to 24500 strikes, with some attraction in 25000-25100 CE strikes. Stronger market participants turned net buyers in the cash segment last week. Long Short Ratio advanced to 45% from 33% on WoW, led by long addition and short covering. With last week strong comeback, we believe the base has been shifted higher to 24500 now and on the higher side 24800 followed by 25000 are the levels to watch out.

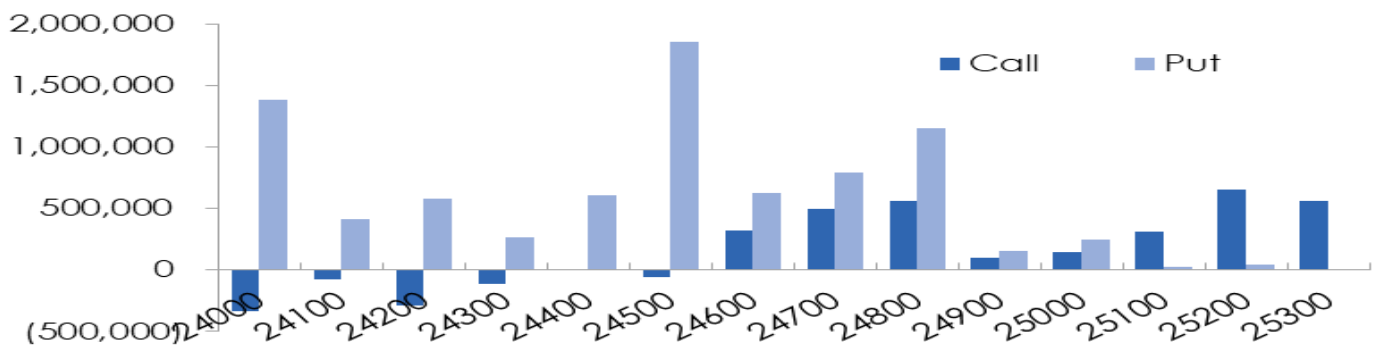
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
CYIENT	419100	1487.50	2006.00	7.57
SUPREMEIND	211125	1343.59	4765.90	1.79
JSL	974175	1281.32	745.90	8.62
CESC	10088325	1268.65	198.87	13.53
LODHA	1422000	1169.08	1379.05	9.37

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
OIL	3273375	391.13	477.10	(3.20)
NYKAA	15900500	270.70	167.08	(2.49)
ADANIENSOL	4570000	232.67	811.75	(3.79)
ADANIGREEN	5065500	220.32	1205.70	(9.59)
ATGL	1677100	155.19	727.35	(11.03)

Nifty Put-Call Analysis (Dec series)



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