

Nifty took a breather post big fall

Sensex (81381) / Nifty (24964)



Source: Tradingview.com

Future Outlook

The Indian stock markets have stabilized following the decline in the previous trading week, with the benchmark index showing minimal changes in price activity. The week commenced with a minor setback but swiftly found support and transitioned into a consolidation phase. It was a relatively calm week for trading, suggesting a period of respite as the Nifty50 closed marginally below **25000**, with a 0.20 percent weekly correction.

The recent historical trends indicate that such a breather as constructive development and likely to pave the way for the primary trend in the comparable period. From a technical standpoint, the 50 DEMA has been a significant barrier in the short term, positioned around **25050-25080**, and a decisive breakthrough above this level would be instrumental in accelerating the bullish momentum toward higher levels. Additionally, the intermediate resistance zone is centered around **25250-25300**, aligning with the 20 DEMA, and a strong breakthrough at this level could potentially trigger the next phase of the rally from a positional perspective. At the lower end, the recent low of **24800-24700** is expected to offer robust support and mitigate any potential setbacks. However, a decline below this level could be disruptive, potentially leading to further correction, and would necessitate a comprehensive review with strong risk management.

In the last few months, all such intermediate corrections were comfortably bought into, but this time we are a bit skeptical of repeating the same behaviour. Let's see how things pan out globally and since we have kicked off the result season, the actual performance would get reflected in price action too.

Long/Short ratio plummeted to 36%

Nifty spot closed at **24,964** this week, against a close of **25,015** last week. The Put-Call Ratio has increased from **0.69** to **0.84** on a weekly basis. The Open Interest of Nifty Futures decreased by **2.84%**.

Derivatives View

Nifty current month's future closed with a premium of 85.30 against a premium of 159.25 points to its spot in the previous week. Next month's future is trading at a premium of 225.05 points.

The Indian equity market experienced a week of consolidation after previous week's sell-off. In the derivatives market, we observed addition of majority of short positions in key indices. For the upcoming weekly series, the 25000 strike for both call and put options is drawing significant attention from traders. Additionally, Foreign Institutional Investors have been tightening liquidity in the Indian equity market, while also covering some of their short positions in index futures on the last trading day of the week. The Long-Short Ratio has decreased from 58% to 36% week-over-week. Given the market's current tentative nature at elevated levels and ongoing uncertainties, it would be wise to refrain from aggressive directional trades at this time. Instead, allowing the market to stabilize before committing to significant positions could prove to be a prudent approach.

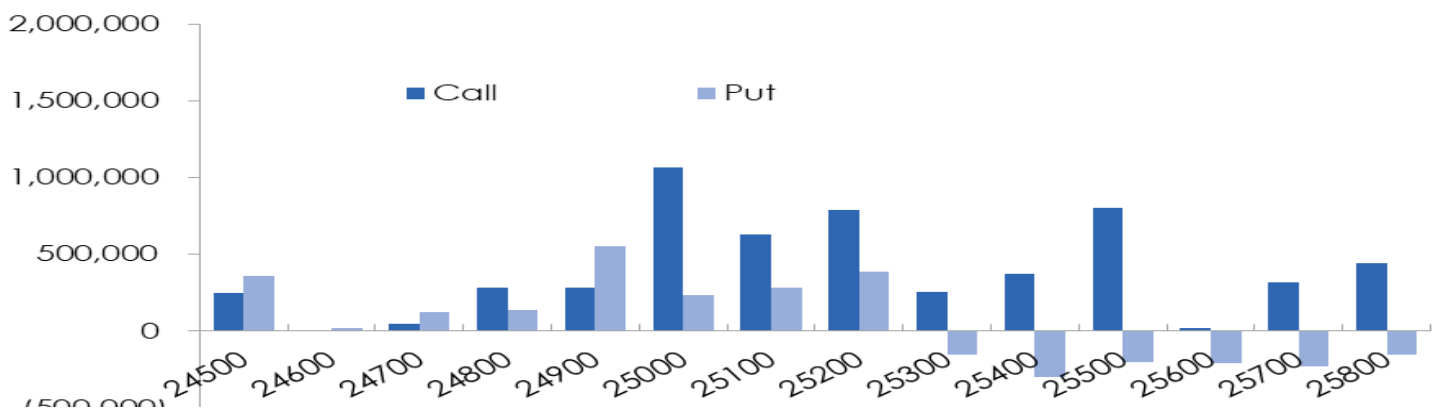
Long Formation

| Scrip | OI Futures | OI Chg (%) | Price | Price Chg(%) |
|------------|------------|------------|---------|--------------|
| MFSL | 6951200 | 25.18 | 1190.00 | 1.73 |
| MCX | 2011600 | 16.06 | 6421.15 | 9.97 |
| BALKRISIND | 2062200 | 15.16 | 3022.50 | 5.32 |
| INDIAMART | 1759800 | 14.68 | 3027.70 | 6.26 |
| LALPATHLAB | 870300 | 13.99 | 3511.20 | 1.06 |

Short Formation

| Scrip | OI Futures | OI Chg (%) | Price | Price Chg(%) |
|------------|------------|------------|----------|--------------|
| SHREECEM | 264725 | 26.69 | 24336.75 | (6.79) |
| AUBANK | 17269000 | 24.59 | 692.75 | (4.25) |
| ICICIGI | 6103000 | 18.61 | 2071.95 | (2.65) |
| ICICIBANK | 99542100 | 17.18 | 1229.00 | (1.53) |
| FEDERALBNK | 83510000 | 15.98 | 187.85 | (3.69) |

Nifty Put-Call Analysis (Oct series)



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