

Festive Week Sparks Bullish Rally; Nifty Surges Over 2%

Sensex (82891) / Nifty (25356)



Source: Tradingview.com

Future Outlook

The festive week was action-packed, ultimately favoring the bulls. It started on a cautious note, testing levels around **24750**, but as the week progressed, prices defended key support and moved higher. The biggest surprise came on Thursday, when within just two hours, prices shot up by over 400 points, marking a fresh new high. However, Friday lacked major traction, but the week still ended strong with over 2% gains, closing just above **25350**.

After a brief pause last week, the primary uptrend has resumed with prices forming new higher highs and higher lows on the daily chart. This trend suggests that corrections are getting shorter, reflecting a strong bullish undercurrent where minor dips are quickly bought into. Moving forward, dips towards key support levels can be viewed as buying opportunities. While there are no immediate signs of weakness, the momentum oscillator RSI Smoothened has failed to surpass its previous high, signaling a '2-Point Negative Divergence' on the daily chart. With the upcoming Fed policy, booking profits at higher levels would be wise to account for potential volatility. For levels, **25200** serves as immediate support, while Thursday's rally point of **25000 - 24970** is seen as strong support. On the higher side, **25500 - 25600** could act as resistance, as it aligns with the 'Bearish Wolfe Wave' reversal zone, followed by **25800** being the next retracement resistance. Traders should monitor these levels closely and set up their trades accordingly. This week also saw sector rotation, with defensive sectors performing well initially, but struggling later, while previously underperforming sectors like PSU Banks and Realty picked up. Traders should focus on identifying the right themes for outperformance opportunities.

PCR-OI soared to 1.33

Nifty spot closed at **25,356.50** this week, against a close of **24,852** last week. The Put-Call Ratio has increased from **0.92** to **1.33** on a weekly basis. The Open Interest of Nifty Futures decreased by **0.86%**.

Derivatives View

Nifty current month's future closed with a premium of 16.10 against a premium of 53.85 points to its spot in the previous week. Next month's future is trading at a premium of 138.65 points.

The Indian equity market witnessed a strong week of trade, wherein the benchmark index skyrocketed to uncharted territory, securing over 2 percent of gains on a weekly basis. In the derivatives segment, we observed long additions in BankNifty, while mere changes were seen in Nifty. On the derivatives front, PE writers shifted positions to 25200 strike, followed by strong writing at 25000 strike, suggesting an upshift in the support base. On the flip side, scattered piling of OI is seen at 25400-25500 CE, indicating a nearby resilience for Nifty for the upcoming weekly expiry. The stronger hands continued to add long in cash and index futures, leading to advancement in the Long Short Ratio to 67% from 65% on a weekly basis. Considering the market breadth and price action, our market seems bullish, with dips auguring well for adding long bets.

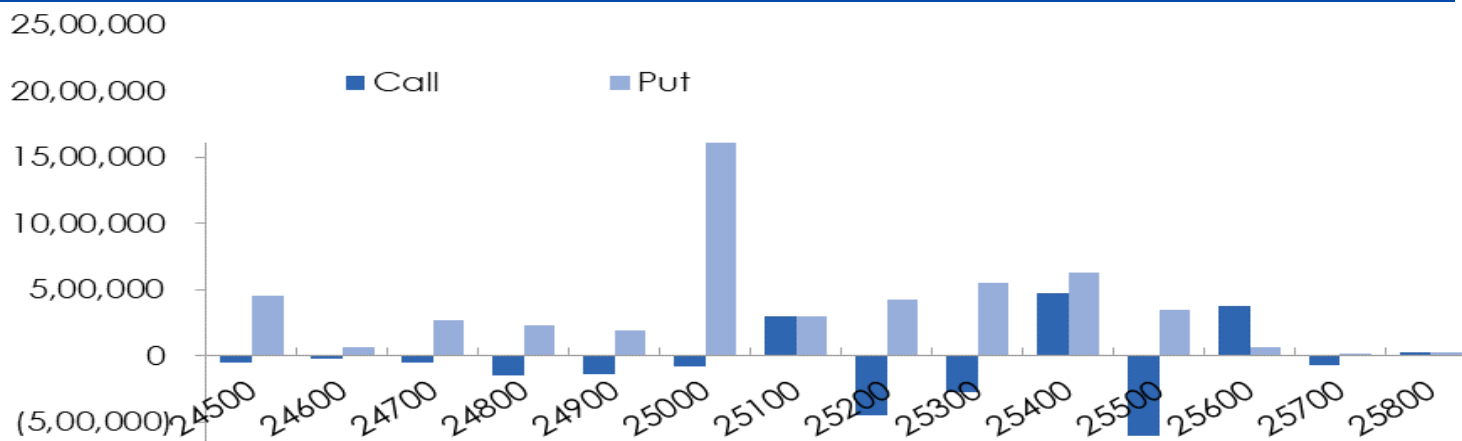
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
JKCEMENT	916875	64.76	4720.55	6.87
MFSL	8420000	63.48	1140.20	5.39
INDIAMART	1550700	51.32	3136.85	4.70
DIVISLAB	4178200	29.66	5448.95	6.22
SYNGENE	6884000	21.13	925.80	5.93

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
GRANULES	16758000	130.57	557.75	(22.71)
RECLTD	63600000	28.61	568.65	(8.88)
TATACHEM	11254100	27.60	1056.80	(3.05)
TATAMOTORS	107770850	27.27	989.35	(10.53)
PFC	58490900	25.39	499.65	(9.66)

Nifty Put-Call Analysis (Sep series)



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