

Nifty formed a 'Doji' signifying indecisiveness after the breakdown

Sensex (76619) / Nifty (23203)



Source: Tradingview.com

Future Outlook

The Indian equity markets kicked off the week under a cloud of pessimism, reacting to adverse global developments. The benchmark index experienced a significant drop, plummeting below the previous low established in November, thereby setting a new seven-month low. Following this sharp initial decline, the market managed to stabilize, finding some footing as buying interest began to pick up across a broader spectrum of stocks. However, by the end of the week, the Nifty50 index concluded its trading on a negative note for the second consecutive week, finishing around **23200**, eroding nearly a percent.

From a technical perspective, the benchmark index has experienced a breakdown below its November low and has also failed to make an initial attempt to rise above this level during the week, highlighting the importance of the breakdown neckline. In the meantime, the 'Falling Wedge' on the daily chart indicates a nearby support zone placed in the proximity of the **23000-22900** zone for the upcoming week, necessitating careful monitoring. Furthermore, the formation of a 'Doji' candlestick on the weekly timeframe indicates indecisiveness, with both parties likely seeking triggers to gain momentum. At the higher end of the spectrum, the neckline around **23350**, followed by the **23500-23600** zone, is expected to present intermediate resistance, serving as potential barriers that the index may struggle to surpass in the near term.

The market conditions continue to display signs of extreme overselling, characterized by a significant lack of buying interest and ongoing downward pressure on prices. Despite this, there has been no discernible sign of a rebound or recovery, creating a challenging landscape for traders and investors alike. Given the current climate of uncertainty, it would be prudent to maintain a light stance on positions and concentrate on specific thematic stocks that may demonstrate resilience or growth potential.

FII Long short ratio unchanged at 16%

Nifty spot closed at **23,203** this week, against a close of **23,432** last week. The Put-Call Ratio has slightly increased from **0.88** to **0.91** on a weekly basis. The Open Interest of Nifty Futures increased by **14.13%**.

Derivatives View

Nifty current month's future closed with a premium of 64.00 against a premium of 69.15 points to its spot in the previous week. Next month's future is trading at a premium of 199.40 points.

The Indian equity market had a lackluster week, with Nifty trading in a range of 300 points. Eventually, the week concluded with a decline of nearly a percent, just above 23200. In the derivatives market, we've observed an increase in short positions across both major indices, especially in Nifty, where OI surged by 14% WoW. For the upcoming weekly expiry, scattered piling of OI is seen from 23200-23000 PE, indicating intermediate support. On the flip side, CE writers seem to be positioning near the 23300-23400 strikes, suggesting a sturdy hurdle. On Friday, stronger hands emerged as net sellers in both equities and index futures. The Long-Short Ratio remained steady at 16%, still signaling an oversold condition. While there has been notable short covering in individual stocks over the past few days, the benchmark index has struggled to gain momentum. Despite this, the overall sentiment remains bearish, suggesting that aggressive long positions, particularly in the index, should be avoided. Traders should focus on individual counters that are providing opportunities on both sides.

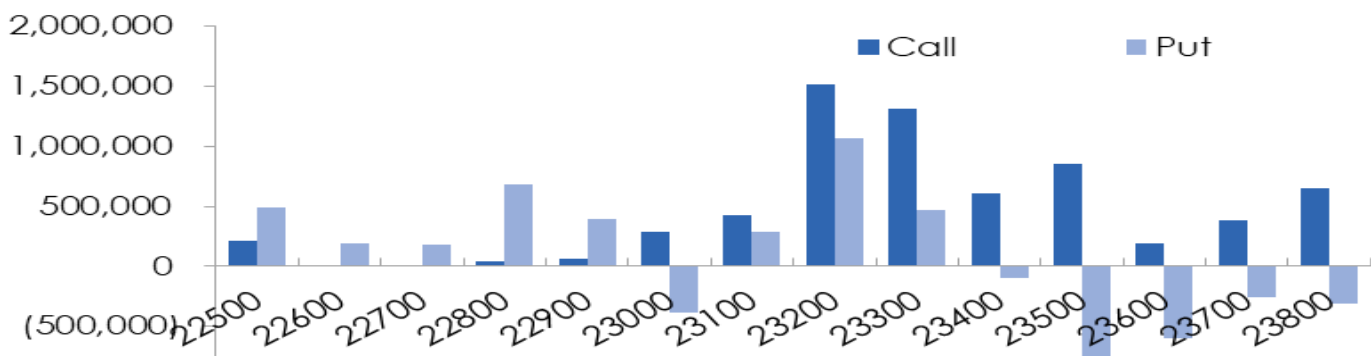
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
LTTS	785600	38.46	5384.70	9.13
APLAPOLLO	4417700	33.54	1573.05	3.01
SJVN	26781300	25.01	100.33	5.11
NYKAA	35939850	20.40	173.16	1.94
HUDCO	23403675	19.24	233.17	8.65

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
CESC	20963475	46.77	153.09	(6.06)
ITC	50140800	36.00	441.65	(1.13)
VBL	14904750	35.60	558.00	(6.61)
HCLTECH	17628100	32.45	1790.35	(9.66)
LODHA	4884750	31.21	1179.80	(7.99)

Nifty Put-Call Analysis (Jan series)



Sameet Chavan	Head Research – Technical & Derivatives	sameet.chavan@angelone.in
Sneha Seth	Senior Analyst – Technical & Derivatives	sneha.seth@angelone.in
Rajesh Bhosale	Analyst – Technical	rajesh.bhosle@angelone.in
Osho Krishan	Senior Analyst – Technical & Derivatives	osho.krishan@angelone.in
Hitesh Rathi	Analyst – Technical & Derivatives	hitesh.rathi@angelone.in

Research Team Tel: 022 - 39357600

Website: www.angelone.inFor Technical QueriesE-mail: technicalresearch-cso@angelone.inFor Derivative QueriesE-mail: derivatives.desk@angelone.in

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