

Shooting Star ahead of the Budget week

Sensex (80605) / Nifty (24531)



Source: Tradingview.com

Future Outlook

The truncated yet eventful week started off with a flurry of activity but ended on a more subdued note. The benchmark index showed limited movement and stayed within a narrow range before the mid-week holiday sessions. However, in the later part of the week, there were significant and volatile fluctuations in the market. The Nifty continued its winning streak for the seventh consecutive week, closing above **24500** with a weekly gain of 0.12%.

Despite the benchmark's consistent winning streak, the broader market exhibited significant divergence, particularly in the last two sessions. During this period, the Advance-Decline ratio notably favoured bears, highlighting the prevalence of declining stocks. From a technical perspective, it is worth noting that Nifty has formed a 'Shooting Star' on a weekly time and a 'Bearish Engulfing' on a daily time frame at record highs. This could potentially signal a shift in the trend or a temporary pause in the current upward momentum for the Bulls of the D-Street. Also, as we approach the upcoming Budget week, it is important to note that the volatility index may experience an uptick. This is due to India VIX teetering on the edge of a consolidation breakout on the daily time frame leading up to the Budget week.

As far as levels are concerned, a sustainable plunge below **24500** is likely to provide some more respite to the benchmark for a potential downside to **24300-24200** (20 DEMA) on an intermediate basis, while the sacrosanct support lies at **24000** mark. The trading range is highly anticipated to broaden amidst the Budget week, and hence, proper risk management is warranted for the participants. Furthermore, while looking at the elevated parameters and rising volatility caution is recommended. On the contrary, the record high of **24800-24850**, now could be seen as a daunting task for the Bulls in the comparable period.

Put writers ran for shelter, PCR-OI at 1.11

Nifty spot closed at **24531** this week, against a close of **24502** last week. The Put-Call Ratio has decreased from **1.28** to **1.11** on a weekly basis. The Open Interest of Nifty Futures increased by **10.49%**.

Derivatives View

Nifty current month's future closed with a discount of 1.80 against a premium of 19.45 points to its spot in the previous week. Next month's future is trading at a premium of 126.30 points.

The Indian equity market traded in a tight range for the first two sessions. After a mid-week holiday, we saw smart buying that pushed it above 24850. However, this got sold into on the final day of the week, eventually concluding the truncated week almost flat. In the derivatives segment, there was mixed activity in Nifty, while the benchmark index experienced no significant change in open interest WoW. For the upcoming monthly expiry, scattered positioning is observed among call writers around 24500-24700 strikes. On the put side, there was no major activity, although the 24500 put has accumulated a decent number of positions, suggesting it as an immediate support zone; a correction below this level could disrupt the current trend. FIIs continued their buying streak in equities but turned net sellers in index futures on Friday. Currently, the Long Short Ratio stands at 79%, indicating that the market is in overbought territory. Given the monthly settlement week and Friday's developments, the market may remain volatile, and one should avoid bottom fishing in case of further selling pressure below 24500-24400

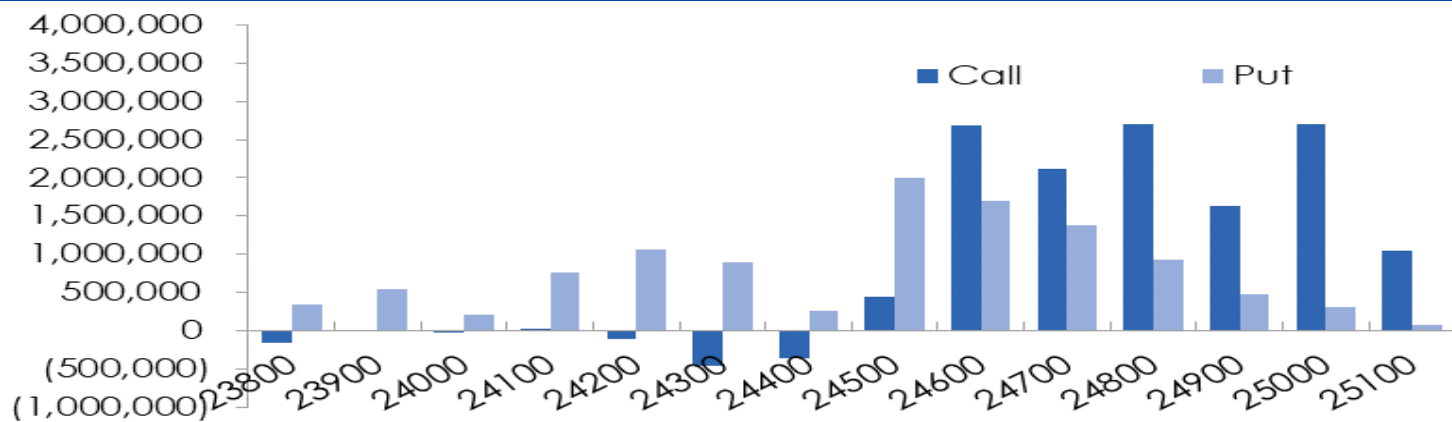
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
INDIACEM	28979700	95.79	348.40	16.64
PAGEIND	215610	21.89	40562.15	2.80
ITC	152603200	21.01	475.25	3.30
COLPAL	3658200	19.42	3120.00	2.73
ONGC	96442500	5.79	319.50	3.92

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
NAVINFLUOR	1909775	29.33	3554.35	(2.64)
HDFCAMC	3188250	21.41	4059.35	(2.98)
CONCOR	21187000	21.17	1011.35	(4.39)
LTTS	1655400	19.80	4888.15	(2.13)
JINDALSTEL	17554375	19.35	946.05	(7.06)

Weekly change in OI



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