

Bears colored market red ahead of Christmas; Nifty plummeted below 200 SMA

Sensex (78041) / Nifty (23587)



Source: Tradingview.com

Future Outlook

It had been a dreadful week for Indian equity markets, as the key indices fell dramatically, erasing the gains of the last four weeks. The benchmark index experienced a significant decline, plummeting approximately **1200** points from the previous week's closing figure. As a result, it finished the week below **200 SMA**, marking a total loss of nearly 5 percent.

The Nifty50 experienced a significant decline, resembling a bottomless pit, as it breached all essential support levels. This downward movement has led the index to approach its most recent swing low. A significant halt has ended the weekly winning streaks, dampening market sentiments ahead of the festive week. From a technical view, as Nifty slipped below the pivotal zone of 200 SMA, the next support could be seen around the swing low around **23200-23100**, while a decisive breach is likely to open further downside towards **22800**. The formation of a strong Bearish candle on the weekly chart showcases a turnaround move, with bounces to be seen as opportunities to exit longs. As far as resistance is concerned, **23800-24000** is likely to be seen as an intermediate hurdle, followed by **24150-24300**, coinciding with the bearish gap and the cluster of EMAs on the daily charts.

The weak global cues initiated the downward move, but the follow-up sell-off showcases the bears' eagerness to color the market red ahead of Christmas. It is advisable to avoid trying to catch the falling knife with anticipation of bottom-fishing. Considering the recent developments, it is advised to approach markets with proper risk management and refrain from taking complacent bets for the time being.

FIIs curtailed longs; Long Short Ratio at 31%

Nifty spot closed at **23,588** this week, against a close of **24,678** last week. The Put-Call Ratio has decreased from **1.03** to **0.80** on a weekly basis. The Open Interest of Nifty Futures increased by **16.04%**.

Derivatives View

Nifty current month's future closed with a premium of 38.15 against a premium of 105.45 points to its spot in the previous week. Next month's future is trading at a premium of 205.90 points.

The Indian equity markets faced a tough week, with key indices falling by 1200 points, losing nearly 5%, and wiping out the gains of the last four weeks. In the derivatives segment, we have seen an increase in short positions across both major indices. For the upcoming monthly expiry, significant open interest is building in the 24000 calls and 23500 puts. The Long-Short Ratio has dropped to 31%, from 41% at the start of the week, signaling a shift in sentiment towards a bearish outlook following the recent market correction. As a result, traders are advised to consider exiting long positions if there is any bounce, in line with prudent risk management practices.

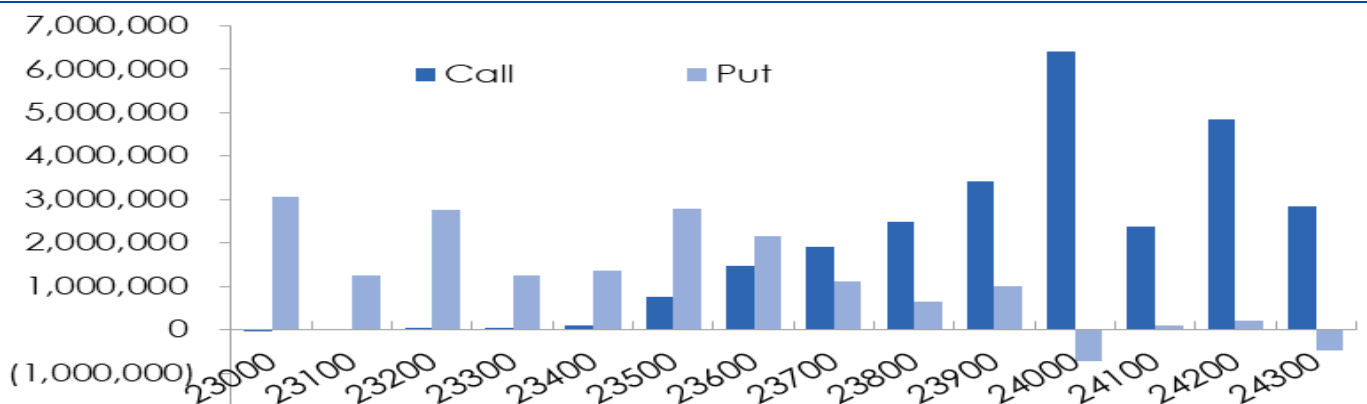
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
PRESTIGE	2418650	84.30	1780.10	1.65
COROMANDEL	3839850	48.94	1832.05	2.89
DRREDDY	14229375	34.57	1345.15	7.96
IPCALAB	3056950	30.28	1584.05	2.95
LUPIN	8472800	22.97	2150.20	3.17

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
LODHA	2730150	81.70	1403.85	(1.25)
TATAELXSI	811400	56.94	6919.55	(6.35)
JSWENERGY	5648250	56.05	670.85	(1.44)
ADANIGREEN	10821000	54.01	1038.50	(12.87)
OIL	5915725	51.51	422.25	(7.42)

Nifty Put-Call Analysis (Dec series)



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