

Markets are extremely oversold, avoid undue risk

Sensex (57990) / Nifty (17100)



Source: Tradingview.com

Future outlook

Our market started the week on a bleak note taking cues from the weak global bourses, wherein the benchmark index slipped below the 200 SMA and dented market sentiments. Nifty remained under pressure throughout the week, clocking new lows in the current calendar year till the day of weekly expiry. However, a modest recovery was seen in the last trading session, which led to a sense of resurgence from the lows. Eventually, the week closed in negative terrain, shedding 1.80 percent from its previous week's closure and Nifty settled at the **17100** level.

The intense sell-off in the global markets dented our sentiments, mirroring which Nifty tumbled below the 200 SMA. However, the last trading session could be seen as constructive development for our markets as the index revived from the crucial support of the **17000-16900** zone. On the technical front, we are not entirely out of the woods and the broader trajectory remains tentative, but we may expect some bounce in the near term. As far as levels are concerned, the recent swing low of **16900-16850** is likely to act as the sheet anchor's role, and it is highly anticipated that the dip would augur well for the bulls. On the flip side, the **17200-17250** is the immediate hurdle, followed by the sturdy wall of 200 SMA placed around the **17400-17450** odd zone.

Going ahead, any relief on the global front could act as the catalyst to provide the much-needed impetus for our market to surge upwards. Hence, we need to keep a close tab on global developments in the coming week. Meanwhile, traders are advised to avoid aggressive bets and look for stock-specific action, while investors could now seize this opportunity by initiating accumulation in good blue-chip companies in a staggered manner.

FII's F&O positions looks short heavy

Nifty spot closed at **17100** this week, against a close of **17412.90** last week. The Put-Call Ratio has decreased from **0.89** to **0.88** on Weekly basis. The annualized Cost of Carry is positive at **11.91%**. The Open Interest of Nifty Futures increased by **9.03%**.

Derivatives View

Nifty current month's future closed with a premium of 78.10 against a premium of 77.20 points to its spot in the previous week. Next month's future is trading at a premium of 175.40 points.

We witnessed follow-up selling to drag index towards 16850 on Wednesday; however market trimmed the loss on same day and saw smart recovery on Friday to end the week 1.80% lower. In F&O space, fresh short formation was seen in correction but on the final day of the week market rebounded with some traces of short covering. We observed decent pile up of positions was seen in 17000 and 17100 put strike, suggesting immediate support around 17000. On the flip side, 17200 followed by 17500 holds decent positions. Stronger hands continue selling streak in equities and index futures. Their 'Long Short Ratio' to plunge to 10% from 16% WoW. Data suggests our markets are extremely oversold; hence, would advise traders to avoid undue risk.

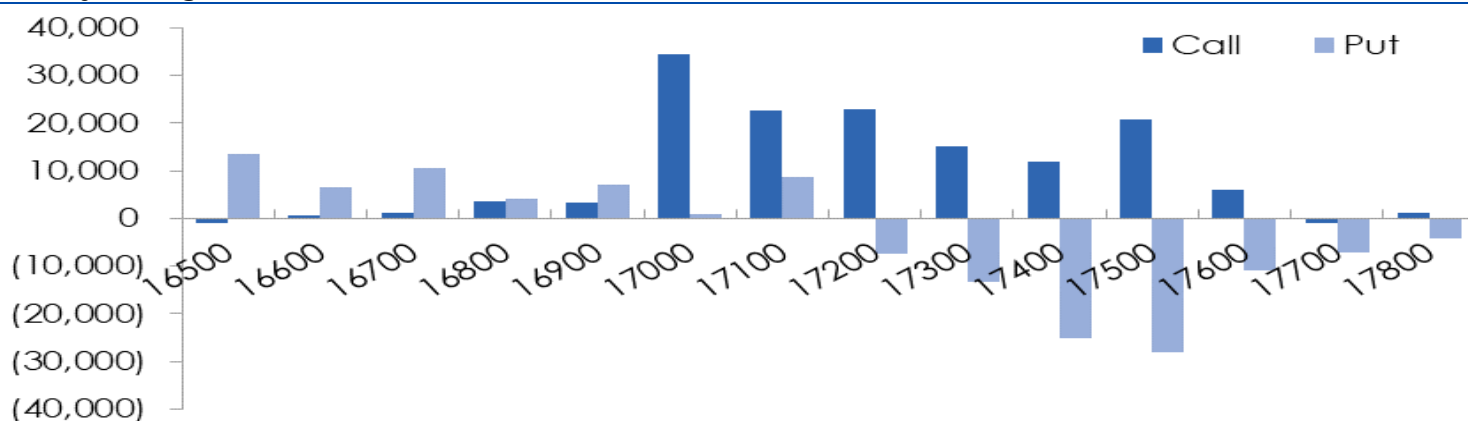
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
GMRINFRA	141390000	18.01	42.95	8.46
INDIAMART	362850	16.75	4903.75	3.51
WHIRLPOOL	957600	11.31	1357.50	1.08
GODREJCP	5605000	8.67	952.30	3.68
ICICIPRULI	16596000	7.94	408.40	3.46

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
AUBANK	15536000	26.35	588.05	(4.80)
RBLBANK	38390000	25.52	142.05	(8.44)
ABFRL	25149800	25.14	215.20	(8.74)
PEL	10075450	23.93	692.90	(7.28)
MPHASIS	2854775	23.32	1897.10	(6.96)

Weekly change in OI



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