

Lowest weekly close in seven months; Nifty below 17000

Sensex (57527) / Nifty (16945)



Source: Tradingview.com

Future outlook

We had a nervous start to the week to challenge the previous swing low of **16850**. Fortunately, the buying emerged at lower levels which was then followed by an extended rebound in next two sessions, ahead of key FED policy. On Thursday, suddenly markets took a U-turn from the strong resistance zone of **17200 – 17250**. On Friday, the sell-off aggravated post the midsession, courtesy to news flow regarding Government's 'Securities Transaction Tax (STT)' on selling of Futures and Options created some tumult towards the fag end of the session. Adding to this, the weak start in European bourses dragged Nifty below **17000** to mark lowest weekly close in last seven months.

There's still no respite for the bulls as any intermediate bounce is getting sold into and prices continue to move in a lower top-lower bottom formation. Globally, the mounting concerns over a few banks and now domestically, the hiking of STT has dampened the market sentiment. The market is currently oversold, but such financial issues can be very disruptive at times. Hence, traders should ideally avoid aggressive bets for a while. From a technical point of view, we are not too far from the sacrosanct support zone of **16850 - 16800**, which coincides with the September month swing low and 89-weekly EMA. We continue to remain hopeful but at the same time for momentum traders, it's better to wait for some price confirmation once all this negativity subsides on global as well as domestic front. On the higher side, **17200-17250** has been acting as a sturdy wall and the bulls desperately need a convincing breakout beyond this to make a comeback. The volatility is likely to be on the higher side and the apt strategy would be to keep a close eye on global developments and take one step at a time. In case of relief, traders can find ample opportunities in the beaten spaces and for investors, this decline would provide opportunity to accumulate quality stocks in a staggered manner.

F&O data indicates an oversold market

Nifty spot closed at **16945.05** this week, against a close of **17100** last week. The Put-Call Ratio has decreased from **0.88** to **0.78** on Weekly basis. The annualized Cost of Carry is positive at **4.31%**. The Open Interest of Nifty Futures increased by **9.95%**.

Derivatives View

Nifty current month's future closed with a premium of 10 against a premium of 78.10 points to its spot in the previous week. Next month's future is trading at a premium of 102.85 points.

Our market started the week on a pleasant note, but in the last two sessions, it tumbled from the critical resistance and plunged to sneak below the psychological mark by the end. On the derivatives front, we witnessed a mixed bag of trade, starting from short covering to long build-up, but eventually the sell-off in the last session dampened the overall sentiments, with both indices showcasing short formation on a weekly basis. The stronger hands curtailed some of their shorts in the system, leading 'Long Short Ratio' to surge a bit to 13% from 10% WoW. On the options front, the 17000 put strike holds the highest OI concentration, followed by 16800 PE, suggesting a downward shift in the support base. On the flip side, a decent piling of OI is seen at 17000-17100 call strikes, indicating immediate resistance in the comparable period. Data suggests our markets are extremely oversold; hence, would advise traders to avoid undue risk.

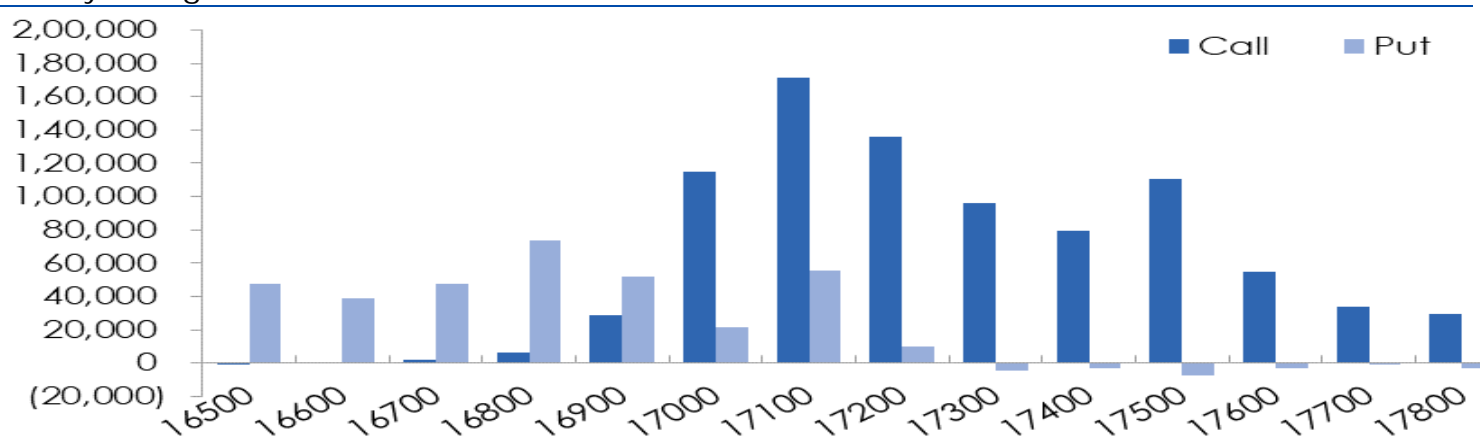
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
RAMCOCEM	3086350	21.93	742.10	2.83
INDIAMART	440700	21.46	4980.35	1.56
MANAPPURAM	44004000	17.03	117.65	3.98
JUBLFOOD	17940000	13.54	437.10	1.89
SRF	3479250	4.65	2379.95	2.73

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
METROPOLIS	1086400	30.45	1207.30	(5.31)
VOLTAS	6510000	29.63	821.45	(7.12)
LICHSGFIN	15536000	21.70	321.40	(8.12)
INDIACEM	18815200	18.89	175.65	(7.26)
HAL	3901200	18.79	2572.00	(7.83)

Weekly change in OI



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