

Adani group fiasco plays a spoilsport, drags Nifty at 17600

Sensex (59331) / Nifty (17604)



Source: Tradingview.com

Future outlook

For the fourth consecutive week, we had a promising start on Monday, and it appeared as if we are going to finally come out of the recent congestion zone in the upward direction. Unfortunately, mostly market tries to deceive us and this time too, it caught most of the traders on the wrong foot. On Wednesday, some unpleasant news related to Adani group triggered the selloff in the banking counters, which augmented on Friday as well. In fact, the entire Adani conglomerate just plummeted like a bottomless pit. In this process, we not only thrashed **17750** but also went on to hasten towards the **17500** mark. Eventually, with some modest recovery in the end, the Nifty concluded the dreadful week at **17600** by shedding over a couple of percent on a week-on-week basis.

In the coming week, the Finance Minister is going to present the Union budget and mostly, market prepares itself for this mega event. This time, the fiasco in last two days has dampened the overall sentiments and certainly disrupted prices across the board. From an optimist point of view, it's good that the market is approaching this event on a lightener note and any favorable outcome, would lift the markets higher. On the other hand, a slight disappointment would lead to further aberration in the market. Let's see how things pan out going ahead. Looking at the daily chart, we can see prices gyrating in a 'Falling Wedge' pattern and have managed to retrace back to the lower end at the close. Considering the 'Positive Divergence' in 'RSI-Smoothed' oscillator, we may expect some recovery from lower levels.

As far as levels are concerned, **17500** is to be treated as immediate support and a slide below this would extend the correction towards the '200-day SMA' level of **17300 – 17200**. If this happens then investors / traders are advised to start nibbling into quality propositions. On the flipside, **17700 – 17800** are to be seen as strong hurdles. If market has to regain strength as well as confidence, Nifty needs to surpass **18000** on a closing basis. Traders are advised to keep a note of all the above scenarios and should ideally remain light ahead of the event.

Long Short Ratio plunged to 25%

Nifty spot closed at **17604.35** this week, against a close of **18027.65** last week. The Put-Call Ratio has decreased from **0.83** to **0.74** on Weekly basis. The annualized Cost of Carry is positive at **6.63%**. The Open Interest of Nifty Futures decreased by **14.47%**.

Derivatives View

Nifty current month's future closed with a premium of 82.80 against a premium of 103.95 points to its spot in the previous week. Next month's future is trading at a premium of 174.15 points.

The Indian equity market has tumbled in the last two trading sessions amid the unpleasant news related to the Adani group, which dampened the overall sentiments and resulted in carnage for the key indices. In the F&O segment, we have witnessed a strong short build-up in both indices ahead of the Budget week. The stronger hands have covered their longs and added fresh shorts in the system, resulting in a massive contraction in the 'Long Short ratio' which plunged to 25% from 53% on a weekly basis. Also, due to the massive sell-off in the last two sessions, the PCR-OI declined to 0.74. On the options front, a decent piling up of OI is seen at the 17500 put strike, indicating nearby support for the index. While on the higher end, 17800-17900 call strikes have decent piled-up positions, followed by the maximum OI concentration at 18000 CE, which is to be seen as the major hurdle. Amidst the volatility, it is advisable to stay light and avoid aggressive bets for the time being.

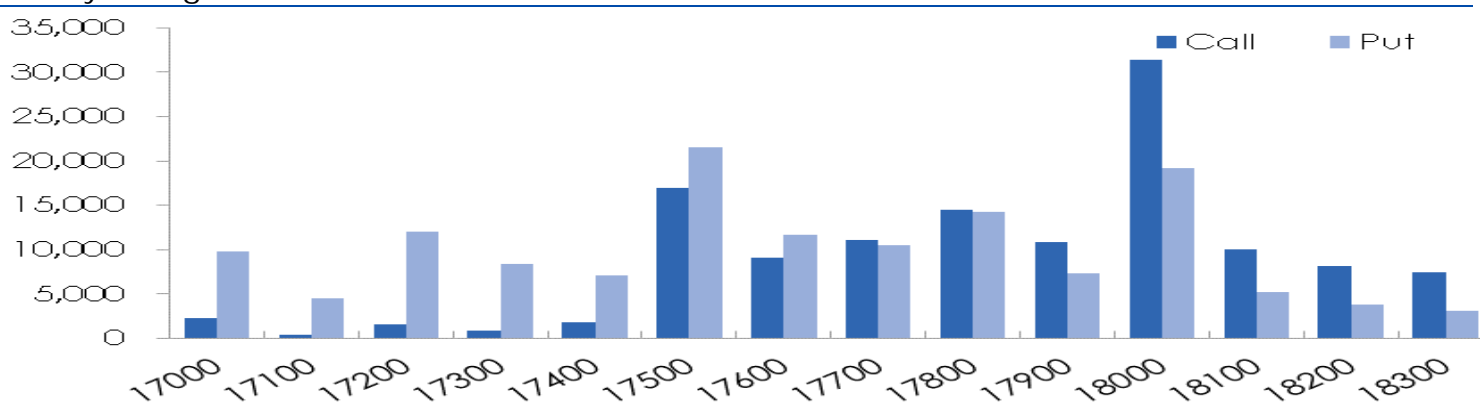
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
BAJAJ-AUTO	1784250	38.18	3965.50	10.83
BRITANNIA	1439000	21.11	4411.45	1.99
PERSISTENT	718550	4.05	4583.00	7.48
ASHOKLEY	80485000	2.24	150.45	4.41
-	-	-	-	-

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
INDUSTOWER	27510000	28.99	137.85	(19.48)
DIXON	894000	22.01	2684.60	(23.71)
AMBUJACEM	100240200	19.96	383.60	(25.97)
SHREECEM	307900	8.65	21665.95	(10.91)
ADANIPOINTS	71167500	7.64	602.70	(22.26)

Weekly change in OI



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