Rollercoaster Week Ends Flat; 22900 Emerges as Crucial Pivot

Sensex (74533) / Nifty (23115)

Source: Tradingview.com

Future Outlook

It turned out to be a rollercoaster week for the markets. Following last week's sharp sell-off, Nifty began the week on a positive note, gaining for the first three sessions. However, on Thursday, fresh selling pressure emerged, erasing the entire gains of the initial part of the week. On Friday, the index attempted a rebound but remained tentative at higher levels, eventually ending the week with a marginal loss of 0.16%, closing just above the 23100 mark.

Nifty extended its losing streak for the fourth consecutive week, although the pace of decline moderated compared to the previous three weeks. During the week, the index found support around the 22900 zone on two occasions and for the coming week this key support would remain pivotal. As long as this support holds, a near-term bounce cannot be ruled out. In such a scenario, the bearish gap formed on Thursday in the 23400 – 23600 zone will act as immediate resistance, while this week's high near 23900 stands as a stiff hurdle. A decisive move above this zone would be required to signal any meaningful reversal or broad-based buying. On the downside, given the prevailing weak undertone, a break below 22900 could trigger further decline towards the 22700 – 22500 zone. Notably, the current monthly series has been particularly weak, with Nifty correcting over 9%, and slipping below the 20-EMA on the monthly chart, a level that has historically been well defended on a closing basis. With the Daily RSI smoothened placed in deeply oversold territory, at levels last seen during the post-COVID phase, it remains to be seen whether the market stages a meaningful rebound to defend this long-term average or continues to drift lower amid ongoing global uncertainties, particularly the US–Israel–Iran conflict. Given the backdrop, volatility is expected to remain elevated. Traders are advised to closely monitor the key levels, especially the crucial 22900 mark, and structure their trades accordingly.

Fear Index India VIX surged towards 23

The Nifty spot closed at 23,114.50 this week, compared to 23151.1 last week. The weekly Put-Call Ratio has increased from 0.75 to 0.79. The Open Interest of Nifty Futures decreased by 5.77%.

Derivatives View

Nifty current month's future closed with a premium of 79.85 against a premium of 110.35 points to its spot in the previous week. Next month's future is trading at a premium of 146.25 points.

Escalating Middle East tensions dampened sentiment, leading to a roller-coaster week for the Nifty 50. Mixed bad of trades and heightened volatility led the participants on their toes, with Nifty50 index sliding lower for fourth consecutive week. Derivatives data indicated long unwinding in key indices on weekly basis, while the Long–Short Ratio advanced to 14% from 10% on a weekly basis, highlighting a cautious stance among participants. Amid ongoing uncertainty and elevated volatility, traders should remain selective focusing on staggered accumulation of quality stocks on declines while maintaining strict risk management and avoid any aggressive bets in index.

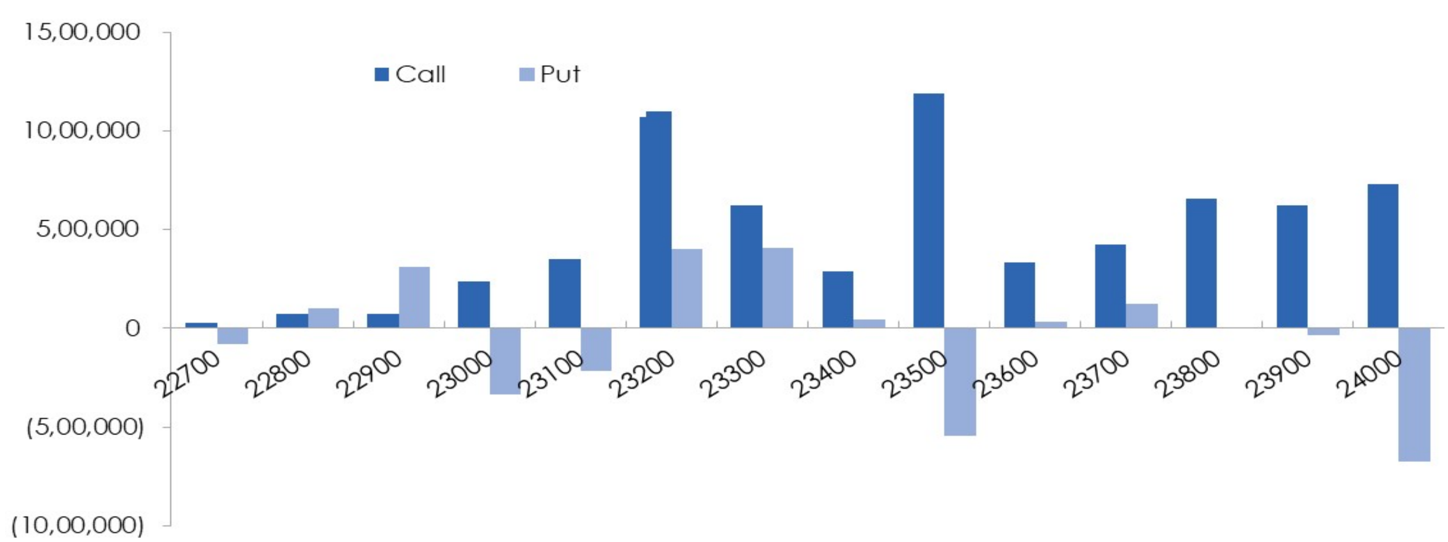
Long Formation

Scrip	OI Futures	*OI Chg (%)*	Price	*Price Chg(%)*
PERSISTENT	5745600	26.91	4684.60	1.68
BAJAJ-AUTO	4467000	24.11	8995.00	1.81
SHREECEM	512550	22.80	23390.00	1.67
PAGEIND	276945	13.55	32105.00	5.94
TATAPOWER	62293450	11.55	402.75	1.68

Short Formation

Scrip	OI Futures	*OI Chg (%)*	Price	*Price Chg(%)*
LODHA	13332600	36.28	798.10	(8.19)
BPCL	60752975	29.96	288.65	(9.84)
BLUESTARCO	3112525	21.58	1709.80	(6.28)
HINDZINC	44022825	18.68	516.05	(6.70)
HINDPETRO	66541500	17.59	336.10	(9.01)

Nifty Put-Call Analysis (March series)



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