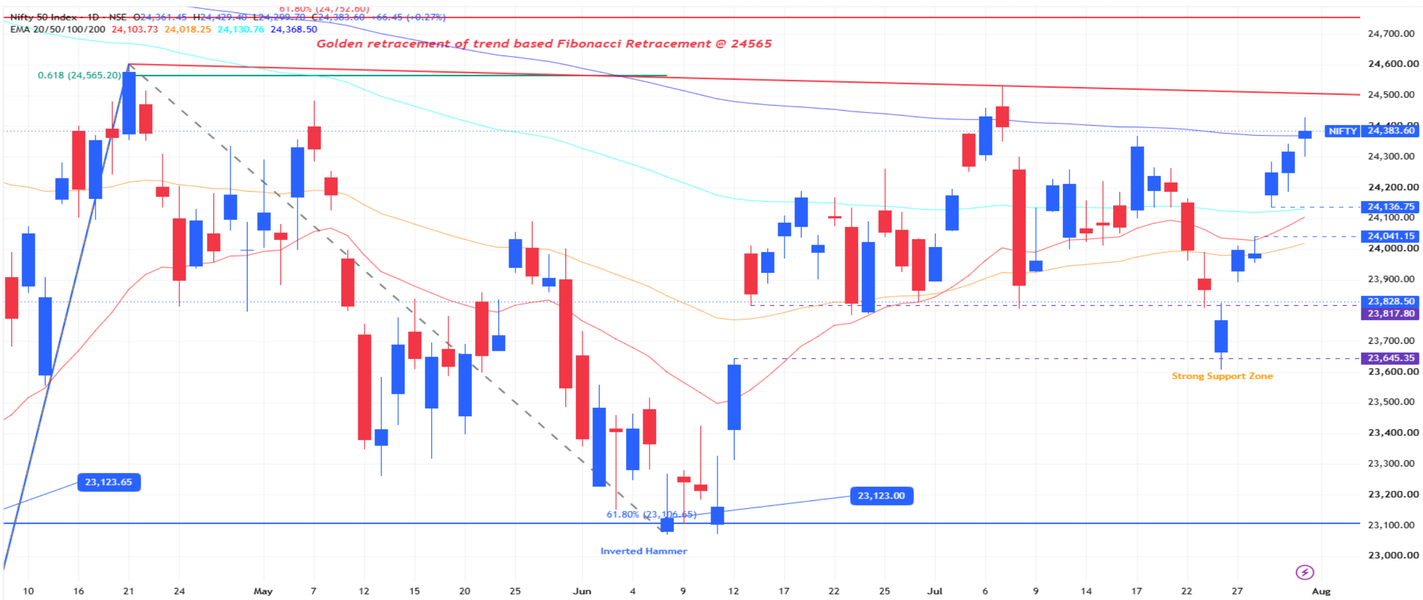
NIFTY registers highest weekly closure in 20 weeks

Sensex (78095) / Nifty (24384)



Source: Tradingview.com

Future Outlook

NIFTY extended its winning streak to a fifth consecutive session, as buyers successfully recouped all the losses from the previous week. The week began on a buoyant note, with the index opening on a notable gap-up. Thereafter, buyers maintained firm control, steadily pushing prices, albeit at a measured pace. By the end of the week, the index had climbed to its highest level in the past twenty weeks, reflecting sustained buying interest and improving market sentiment, buyers managed to secure a strong weekly close at 24383, with the index ending the week higher by 2.59%.

Despite the strong recovery witnessed during the week, the broader technical structure remains confined within the prevailing trading range on the weekly charts, with immediate resistance placed in the 24,500–24,600 zone and key support around the 23,800 mark. The sharp rejection of the lows registered in the previous week, followed by a gradual recovery, highlights strong demand at lower levels and renewed buying interest. Further reinforcing this constructive undertone is the formation of a bullish bear-trap pattern on the Daily 0.25% × 3 Point & Figure chart, followed by a weak bearish three-column triangle, suggesting that buyers continue to defend lower levels despite intermittent bouts of selling pressure. That said, the higher time-frame charts continue to indicate a broader sideways consolidation. While a decisive breakout above the 24,550–24,600 resistance band would strengthen the near-term bullish bias, only a sustained move above the 24,650–24,700 zone would confirm a meaningful trend reversal. Such a breakout would invalidate several prevailing bearish chart structures, decisively shifting the balance in favour of the bulls and paving the way for a sustained upmove. At this juncture, a wait-and-watch approach appears prudent, given the index's proximity to key overhead resistance levels. A decisive breakout above the resistance zones should be closely monitored before adopting an aggressive bullish stance. Immediate support for the index are likely to be found in the 24250-24200 band, followed by a stronger cushion in the 23980-23950 band.

Participants should closely monitor the key breakout levels on the index and look to increase exposure only upon a decisive breakout. Until then, as advocated earlier, adopting a stock-specific approach remains the preferred strategy, focusing on fundamentally and technically strong stocks that offer buying opportunities on retracements towards key support levels or their short-term moving averages.

Short covering uplifted market sentiments

The Nifty spot closed at 24384 this week, compared to 23767 last week. The weekly Put-Call Ratio has increased from 0.71 to 1.49. The Open Interest of Nifty Futures decreased by 28.48%.

Derivatives View

Nifty current month's future closed with a premium of 46.30 against a premium of 81.25 points to its spot in the previous week. Next month's future is trading at a premium of 181.60 points.

The benchmark Nifty experienced a strong rebound during the latter half of the week, uplifting overall sentiments with Nifty showcasing a consolidation breakout and settling near 24400 zone. The derivative indicators showcased short covering in both key indices on week-on-week basis, suggesting a curtailment in short positions and adding bullish quotient. FII's long-short ratio remained advanced to 11% from 9% on a week-on-week basis, struggling with yet a promising view. For the upcoming weekly expiry series, substantial positioning is concentrated at 24300-24300 PE, indicating an upshift in the support zones, while scattered positioning of CE writers are seen from 24500-24600 strikes. The undertone seems to turn a bit bullish while global cues and quarterly earnings of Indian equities are likely to act as catalysts for the momentum to persist.

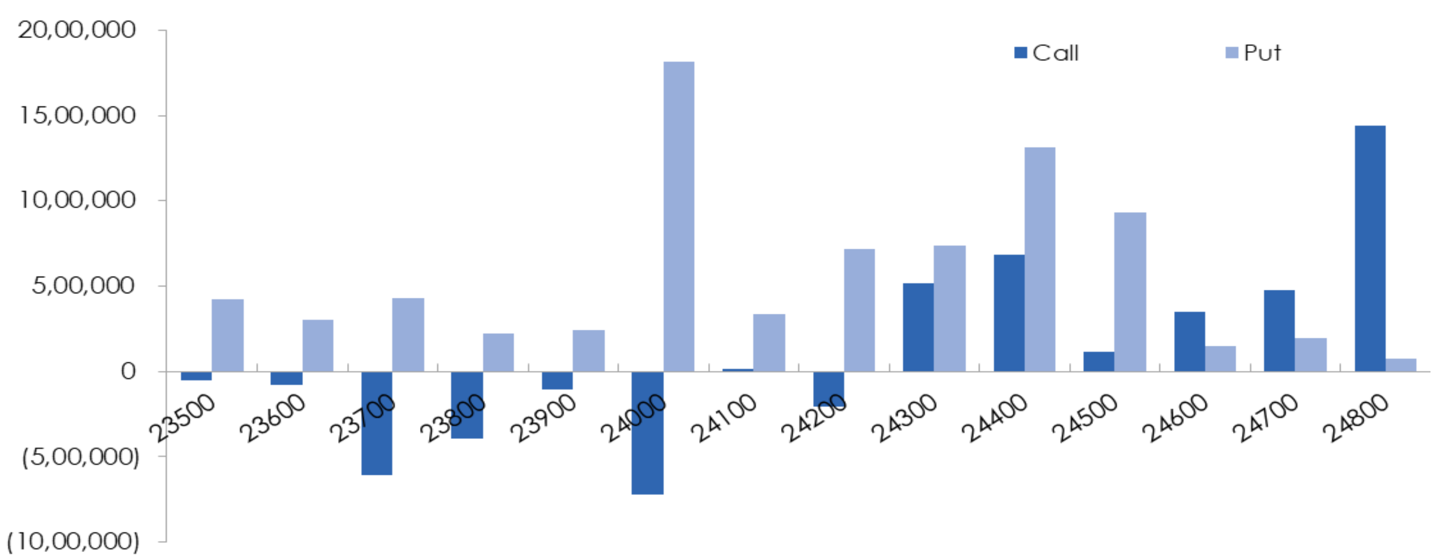
Long Formation

Scrip	OI Futures	*OI Chg (%)*	Price	*Price Chg(%)*
SWIGGY	69693100	27.35	283.36	12.65
RADICO	806400	19.55	4355.10	6.35
MARICO	16686000	16.67	875.25	2.61
CONCOR	22332500	8.29	525.30	10.06
DELHIVERY	27238525	4.96	482.30	4.38

Short Formation

Scrip	OI Futures	*OI Chg (%)*	Price	*Price Chg(%)*
LICHSGFIN	29026000	16.38	515.45	(4.24)
ADANIPORTS	23422250	10.16	1703.80	(3.77)
SUZLON	483844600	7.00	48.12	(8.03)
PHOENIXLTD	3710700	6.40	1903.30	(5.49)
COALINDIA	86232600	5.79	415.35	(3.07)

Nifty Put-Call Analysis (Aug series)



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