Outlook remains tentative, buyers defend key support at 24000

Sensex (77541) / Nifty (24252)

Source: Tradingview.com

Future Outlook

It was another disappointing week of trade for the bulls, as the index extended its losses for yet another week. The week began on a largely muted note, with prices opening slightly below the previous week's close. However, selling pressure intensified over the following three sessions, resulting in the index retesting crucial support levels. A recovery during the penultimate session, aided by positive global cues, helped the index recoup some of its losses. However, a lackluster session on the final day resulted in a weekly close at 24252, with losses of 0.47%.

Despite the respite and recovery witnessed over the past two trading sessions, the overall outlook remains cautious, as buyers have so far failed to build on the impetus provided by positive global cues. The formation of a higher low following a successful retest of the recent lows would be required to confirm that the bulls have regained control. The presence of sturdy overhead hurdles, starting with the 24300–24350 band and followed by a stronger supply zone in the 24400–24450 region, is likely to make the path higher challenging and unless buyers manage to conquer the overhead supply zones, the control remains with sellers. A breakdown below the recent lows is likely to exacerbate the ongoing selling pressure and open a move towards lower levels, initially targeting the recent swing lows around 23600. That said, the repeated defence of the rising trendline, which had acted as a strong support earlier in July, provides some encouragement to the bulls. The presence of a bullish gap in the 24040–24000 band further reinforces this region as a formidable support cluster. This zone gains prominence by the formation a bullish ABCD pattern on the 1-minute 0.25% Renko Charts of the index, on the 0.5% Renko charts as well, the presence of a 40-brick EMA, provides further credence to this zone. While 24040–24000 remains the immediate support band, this is followed by a stronger cushion in the 23750–23700 zone.

Markets continue to exhibit a tentative and cautious stance, with no clear indication of the immediate direction. Following the strong up move witnessed across the broader market as well as the frontline indices, some stocks are now showing signs of profit booking. Against this backdrop, participants should continue to adopt a cautious approach and remain highly selective in their stock-specific approach, focusing on stocks that continue to demonstrate relative strength.

LSR corrects to 10% amid mixed bets

The Nifty spot closed at 24252 this is week, compared to 24366 last week. The weekly Put-Call Ratio has increased from 0.88 to 1.08. The Open Interest of Nifty Futures increased by 11.14%.

Derivatives View

Nifty current month's future closed with a premium of 36 against a premium of 94.05 points to its spot in the previous week. Next month's future is trading at a premium of 143.90 points.

The benchmark Nifty experienced a tentative move in the week with mixed set of trades, indicating weakening of bearish trend and turning stance to cautious. The derivative indicators showcased slight short additions in benchmark index and subdued developments in the Banking index on week-on-week basis, suggesting a curtailment in breather positioning and adding cautious quotient. FII's long-short ratio corrected to 10% from 11% on a week-on-week basis, struggling with yet bleak view. For the upcoming monthly expiry series, substantial positioning is concentrated at 24200-24000 PE, indicating a downshift in the support zones, while scattered positioning of CE writers are seen from 24300-24500 strikes. The undertone seems to turn a bit cautious while global cues are likely to act as catalysts for the momentum to persist.

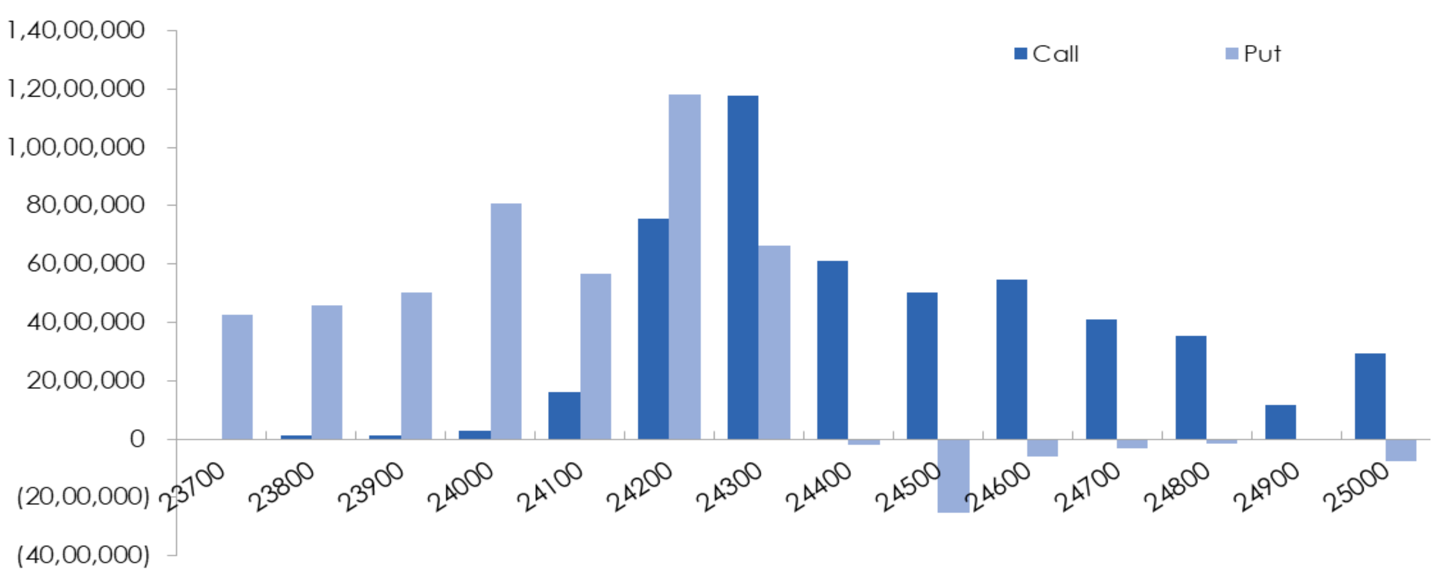
Long Formation

Scrip	OI Futures	*OI Chg (%)*	Price	*Price Chg(%)*
KFINTECH	6529700	35.59	977.65	4.25
PNBHOUSING	9644700	15.50	1175.20	2.21
MCX	10134225	14.52	3181.40	8.52
NAM-INDIA	9021875	13.38	1248.80	7.51
LTF	52114500	12.32	316.85	2.91

Short Formation

Scrip	OI Futures	*OI Chg (%)*	Price	*Price Chg(%)*
VOLTAS	11931750	51.28	1229.30	(7.31)
BRITANNIA	2467500	30.34	5344.50	(3.70)
BSE	14103600	21.52	3252.20	(5.63)
INDIGO	6722550	16.03	5099.00	(4.53)
LTM	4173900	16.01	4440.20	(6.12)

Nifty Put-Call Analysis (Aug series)



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