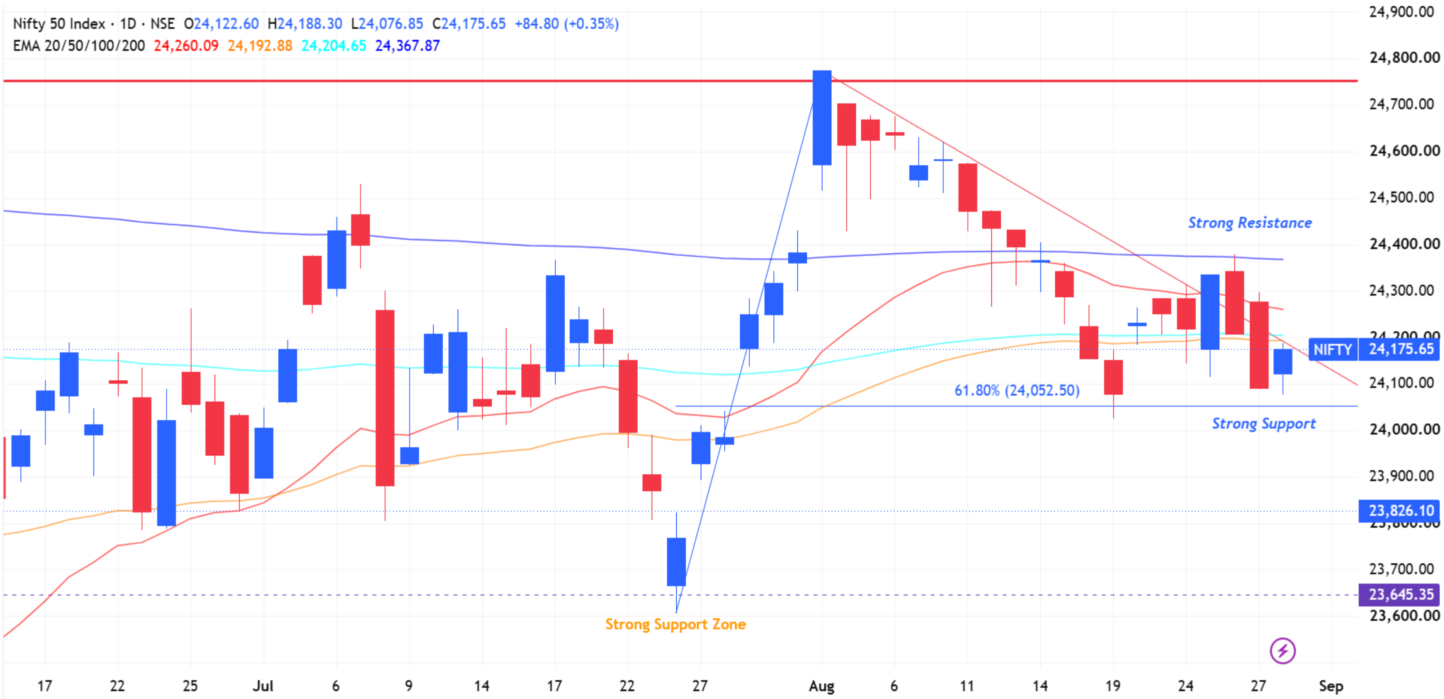
Cautious optimism prevails as Nifty withholds critical support zone

Sensex (77265) / Nifty (24176)



Source: Tradingview.com

Future Outlook

The Indian equity markets commenced the week on a subdued note and remained confined within a narrow 300 point range, reflecting persistent investor tentativeness. The benchmark index oscillated around the cluster of short and medium-term EMAs before eventually slipping below these key moving averages by the weekly close. Amid continued hesitation at elevated levels, the Nifty50 index concluded the week on a negative note, declining 0.31% to settle near the 24175 zone. The cautious undertone highlighted lingering uncertainty and restrained participation across the broader market.

The technical setup continues to reflect hesitation and uncertainty in the directional trend, with the benchmark index oscillating between strong structural support near the 24050 zone, marked by the golden retracement, and resistance around the 24370 level, represented by the 200-DEMA. On the downside, a decisive breakdown below the 24050-24000 support zone could trigger further weakness toward the 23890-23820 region, where the prevailing bullish gap is expected to provide a cushion. On the contrary, the 24350-24370 zone is likely to act as an immediate resistance cluster. A sustained breakout above this hurdle would strengthen the outlook and potentially pave the way toward the 24500 mark in the near term. For now, the broader bias remains sideways to positive as long as the 24050 golden retracement holds. Accordingly, market participants are advised to maintain a cautious approach, closely monitor these key technical levels, and align their positions with the evolving price action.

Going ahead, market participants are advised to closely track key triggers that could determine the near-term market trajectory. Developments on the global front are likely to act as catalysts, providing much-needed momentum and greater clarity on the prevailing trend. Meanwhile, investors should refrain from taking aggressive bets and instead focus on selective opportunities within the broader market. Thematic and sector-specific movers are likely to offer relatively better performance amid the prevailing market environment.

LSR remains unchanged at 10% amid mixed bets

The Nifty spot closed at 24176 this is week, compared to 24252 last week. The weekly Put-Call Ratio has decreased from 1.08 to 0.78. The Open Interest of Nifty Futures increased by 1.91%.

Derivatives View

Nifty current month's future closed with a premium of 173 against a premium of 144 points to its spot in the previous week. Next month's future is trading at a premium of 284 points.

The benchmark Nifty experienced a tentative move in the week with mixed set of trades, indicating indecisiveness in trend and turning stance to sideways to cautious. The derivative indicators showcased slight mixed bets amid the expiry 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 remained unchanged at to 10%on a week-on-week basis, struggling with yet bleak view. For the upcoming monthly expiry series, substantial positioning is concentrated at 24100-24000 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.

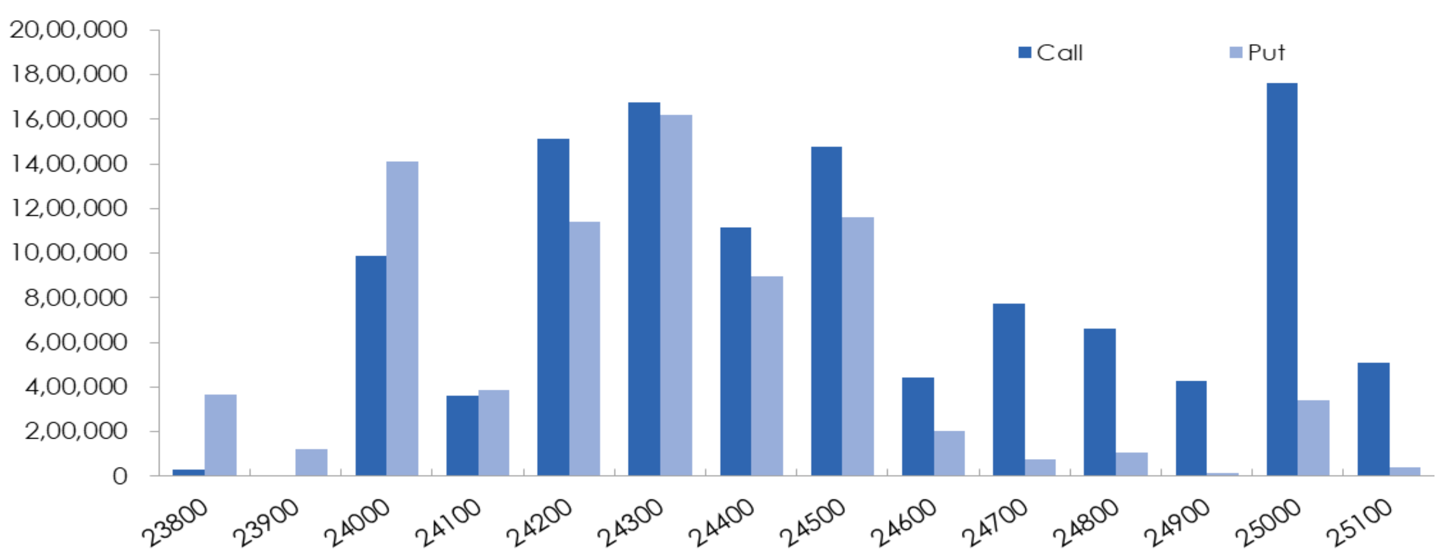
Long Formation

Scrip	OI Futures	*OI Chg (%)*	Price	*Price Chg(%)*
LICHSGFIN	41645000	17.28	544.25	9.64
COCHINSHIP	5556000	9.47	1541.60	4.10
APLAPOLLO	9815400	9.32	2280.70	6.45
SIEMENS	3656800	6.10	4065.40	4.14
ADANIPOWER	186037750	5.59	214.42	4.91

Short Formation

Scrip	OI Futures	*OI Chg (%)*	Price	*Price Chg(%)*
PREMIERENE	9549800	19.48	1020.30	(3.29)
VBL	66711825	18.06	417.50	(3.23)
TATAPOWER	77715650	14.99	353.85	(5.82)
DIXON	3103900	14.36	14471.00	(2.39)
ICICIGI	6551025	7.13	1574.10	(3.03)

Nifty Put-Call Analysis (Sep series)



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