

Wealthstreet House View

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Wealthstreet

The Financial Engineers

THE WEEK THAT WAS

• **NIFTY FUTURE:** 11201.20(-1.41%)

BANK NIFTY FUTURE: 27819.00(-2.63%)

- The Nifty50 wiped out its gains from its later morning deals and extended selling pressure to close below 11,200 on October 4. This was after a lower-than-expected repo rate cut, and a reduction in full year GDP growth forecast by RBI.
- The index has fallen for fifth consecutive session and broken its 200 DEMA, forming a large bearish candle which can also be called as Long Black Day kind of formation on daily charts. It lost nearly 3 percent and formed bearish candle on weekly scale as well.
- Experts felt the 11,100 is crucial support for the Nifty, if it breaks the same it can fall below the psychological 11,000 levels, whereas bulls can get strength only above 11,400.
- India VIX fell marginally by 0.68 percent to 17.58 levels. However, higher VIX levels indicate volatile swings likely to continue in near term.
- The Nifty50 opened higher at 11,388.45 and hit an intraday high of 11,400.30, but lost all gains in late morning deals and hit a day's low of 11,158.35 in late trade. The index closed 139.20 points or 1.23 percent lower at 11,174.80.
- It was Long Black Day kind of formation on the daily charts as Nifty50 witnessed a large bearish candle with a range of 242 points. Interestingly last 5 trading sessions consecutive fall also depicted a large bearish candle on weekly charts, which hinted that the trend may be reversing in favor of bears once again.
- Traders should avoid long positions and to consider positional shorts on a pull back towards 11,300 or on breach of 11,100 on closing basis and look for targets of 10,900.
- Maximum Put open interest is at 11,000 followed by 11,200 strike, while maximum Call open interest is at 11,500 followed by 12,000 strike. Call writing was seen at 11,500 followed by 11,800 strike whereas marginal Put writing was seen at 11,000 then 11,200 strike.
- Bank Nifty failed to hold its gains above the 28,700 level and corrected nearly 1,000 points to close below the 27,750 level. The index lost 2.4 percent to close at 27,731.85 and formed a big bearish candle on daily as well as on weekly scale as sustained selling pressure was seen at higher zones.
- The index relatively underperformed the benchmark index. Resistance are gradually shifting lower and now till it holds below 28,000, weakness could be seen towards next support of 27,500 then 27,250 levels while on the upside hurdle is seen at 28,250 then 28,500 levels.