

Some respite to Adani saga, Nifty reclaims 17800

Sensex (60842) / Nifty (17854)



Source: Tradingview.com

Future outlook

Last week, the Adani group fiasco struck our markets like a comet. The spillover effect of this carnage triggered massive sell off in banking space which then spread across the broader market. Around the mid-week, the Finance Minister delivered a stellar 'Budget' and markets gave a complete thumbs up to this event. We hastened towards **18000** on the same day itself; but once again, the escalating dark clouds with respect to Adani group poured complete water on this optimism. Our markets took a nosedive to not only pare down gains but also ended well inside the negative terrain. Fortunately, things cooled off a bit towards the fag end of the week, which resulted in a smart recovery to reclaim the **17800** mark on a closing basis.

Although, we managed to recover lost ground this week, we are still not completely out of the woods yet. A continuous news-flow with respect to the Adani group is likely to give volatile swings on both sides. As far as levels are concerned, the immediate support is visible around **17600**; but the major sacrosanct zone remains at **17400 – 17300**, which coincides with the '200-day SMA'. Ideally, till the time we defend this, there is no real reason to worry for. On the flipside, if we have to regain the lost pride, the Nifty needs to surpass **18000 – 18100** on a closing basis. This will confirm the completion of recent corrective phase and market then can resume the higher degree uptrend.

Traders are advised to keep a close tab on all these above-mentioned scenarios and should remain updated on the global as well as domestic developments. The banking space needs to be closely watched; because it is likely to act as a catalyst for setting the near-term direction for our market. Apart from this, a lot of thematic moves started playing out well towards the end of the week. One must keep focusing on such potential trading opportunities.

FII positioning looks short heavy

Nifty spot closed at **17854.05** this week, against a close of **17604.35** last week. The Put-Call Ratio has increased from **0.74** to **1.17** on Weekly basis. The annualized Cost of Carry is positive at **4.92%**. The Open Interest of Nifty Futures decreased by **4.53%**.

Derivatives View

Nifty current month's future closed with a premium of 48.10 against a premium of 103.95 points to its spot in the previous week. Next month's future is trading at a premium of 142.85 points.

The Indian equity market sharp surge during the week to reclaim 18000 during the Budget announcement but this got sold into same day to drag index towards 17400. Last two sessions, we witnessed a steady recovery to eventually conclude the week around 17850. In F&O space, open interest reduction was seen in both the key indices. On Friday, massive writing was seen in 17500-17700 put strikes. On the other side, 18000-18300 strikes added decent positions. Highest open interest concentration now seen in 17600 put and 18000 call strike. On net basis, FIIs added shorts in index futures resulting Long Short Ratio declining further to 19% from 25%. However, their positioning looks a bit oversold lately and any short covering shall be an encouraging sign for our market. Currently, 17500-17600 should be acting as a support zone, whereas resistance is placed in the vicinity of 18000.

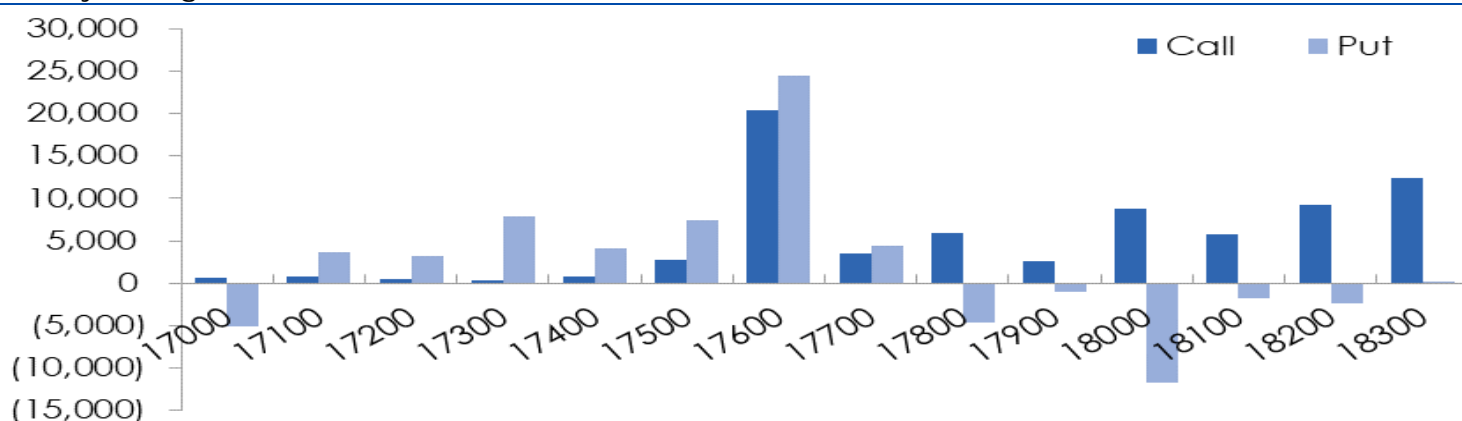
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
DALBHARAT	1594500	31.72	1876.75	10.08
CHOLAFIN	10807500	29.47	783.85	10.42
M&MFIN	27072000	25.64	243.25	7.04
CANFINHOME	3980925	20.62	580.80	7.07
BRITANNIA	1712200	18.99	4648.15	5.37

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
HDFCLIFE	24366100	72.23	491.15	(16.75)
WHIRLPOOL	1077650	46.69	1263.55	(9.62)
DIVISLAB	3385650	32.19	2894.70	(14.75)
SBILIFE	7768500	26.15	1142.90	(8.99)
POWERGRID	30566700	24.22	215.95	(1.26)

Weekly change in OI



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