

Stressful time continues, all eyes on global peers

Sensex (54836) / Nifty (16411)



Source: Tradingview.com

Future outlook

The May month kick-started on a weak note in-line with what SGX was indicating. However, on that day we did see some buying at lower levels which helped erasing most of the losses to close convincingly above **17000**. After a day's break, we resumed on Wednesday with some hesitation around **17100**. Later on, a surprising Rate hike by RBI triggered massive sell off in our markets to send Nifty below the key support zone of **16800** with some authority. On the following day, it appeared as if the selling was an overreaction; but this time, global markets became the spoilsport. With a huge gap down on Friday, our markets started around the **16400** mark. Fortunately, due to lack of follow through selling, we did not extend the damage and closed around the opening point.

It was one of the worst weeks in last three months as Nifty shed more than 4% this week. Mostly, global factors tend to trigger such substantial sell offs but, on this occasion, it was initiated due to domestic developments and then to rub salt in the wound, global cues fuelled the corrective move. Honestly speaking, we did not expect the fall to extend below **16500** but when global uncertainty comes, no level is respected. Globally, things have become extremely bleak, and it would be very difficult to assess the situation there. Despite this, we do not want to get carried away and hence, would avoid going short aggressively. If we take a glance at the daily time frame chart, we can see 'Pennant' pattern target in the vicinity of **16200 – 16000**, which is not far away from current level. Hence, we would rather wait for some reversal in coming week. On the higher side, **16500** followed by **16700** are the immediate levels to watch out for. Let's see how things pan out globally and be hopeful for some sustainable relief on that front.

FII continued their relentless sell-off

Nifty spot closed at **16419.40** this week, against a close of **17102.55** last week. The Put-Call Ratio has decreased from **0.96** to **0.74**. The annualized Cost of Carry is positive at **0.91%**. The Open Interest of Nifty Futures increased by **25.01%**.

Derivatives View

Nifty current month's future closed with a premium of 8.15 points against a premium of 32.70 points to its spot. Next month's future is trading at a premium of 20.80 points.

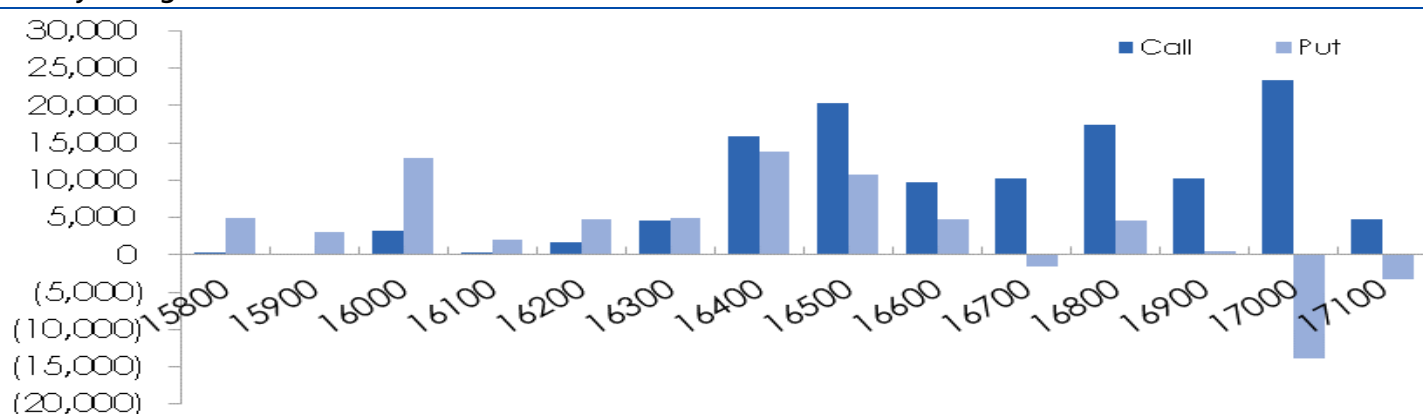
A timid start for our equity market tracking the weakness among global bourses, that further got aggravated as RBI stuns with the surprise rate hike. The benchmark index Nifty50 plummeted over 4 percent and has been the worst week in the last three months. The technical support was treated just as a number as the stronger hands continued their relentless selling spree. Looking at the F&O data, we observed mixed activity, wherein the stronger hands started with adding short positions, followed by an overdue long unwinding, and ended the week with a huge short built-up. The pile-up is visible in the 16000-16200 Put strikes in the options segment, which is expected to act as a key support zone. While on the contrary, a considerable OI concentration is built on the 16500-16700 call strikes, breaching which some assurance could be seen in the market. Considering recent developments both on the domestic as well as the global front, strong indecisiveness could be sensed among the market participants, and thus traders are advised to stay cautious and avoid aggressive bets till the volatility looms over.

Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
ABB	444000	69.30	2262.25	7.84
TATACHEM	6908000	28.21	1037.30	10.16
POWERGRID	43589376	12.38	238.65	4.33
NTPC	72526800	8.64	159.75	2.01
ONGC	50554350	5.53	167.20	3.79

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
FSL	14716000	38.62	113.05	(9.99)
FEDERALBNK	80390000	38.60	91.35	(5.14)
DIXON	787875	38.28	3890.90	(9.51)
INDIAMART	382200	31.88	4183.70	(9.48)
TORNTPOWER	3859500	28.65	493.85	(7.48)

Weekly change in OI



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