

Tentativeness continues, 17500 remains a sturdy wall

Sensex (58388) / Nifty (17397)



Source: Tradingview.com

Future outlook

Our market started the session with a decent bump up on Monday, carrying last week's strong optimism. Globally, things continued on a brighter side and that was providing the much-needed impetus to the rally across the globe. As the week progressed, we extended our gains towards yet another psychological junction of **17500**. However, if we dive deep into it, we can realize, this week's up move (barring Monday) was not as smooth as the previous one. We did observe some profit booking at higher levels and in fact, on Thursday, the profit booking was severe at one point. But fortunately, all these intraday declines were successfully getting bought into. Eventually, the benchmark index ended the session at **17400** by adding more than a percent to the previous week's close.

It was certainly not an easy-going week for market participants. Barring the strong up move on Monday, we witnessed nervousness at higher levels throughout the remaining part of the week. In fact, on the weekly expiry session, we witnessed a massive profit booking from the morning highs of **17490**. Within a blink of any eye, we not only slid below **17400** and **17300** but also went on to test the sub-**17200** terrain. This intimidating sell off was as good as a reality check for bulls and hence, we have been reiterating not to become complacent at any point this week. Fortunately, the undertone is extremely bullish and hence, all these intraday declines were successfully getting absorbed in the market. For the coming week, **17500 – 17650** remains a sturdy wall and till the time, we do not surpass it convincingly, we would continue to see some tentativeness at higher levels. On the flipside, **17300** followed by **17150** has now become a sacrosanct support. Considering the overall development, we expect some consolidation to continue in the coming week as well.

Traders are advised not to carry aggressive bets overnight for a while and ideally, the strategy would be to follow one step at a time and respect levels on either side. At the start of the week, the stock specific movements were a bit vibrant, but it seems to have cooled off a bit towards the end. Hence, we need to see what all themes emerge as we step into the new week.

Massive writing in 17500-17600 call

Nifty spot closed at **17397.50** this week, against a close of **17158.25** last week. The Put-Call Ratio has decreased from **1.36** to **1.05**. The annualized Cost of Carry is positive at **3.41%**. The Open Interest of Nifty Futures increased by **9.85%**.

Derivatives View

Nifty current month's future closed with a premium of 18.65 against a premium of 13.85 points to its spot in the previous week. Next month's future is trading at a premium of 87.95 points.

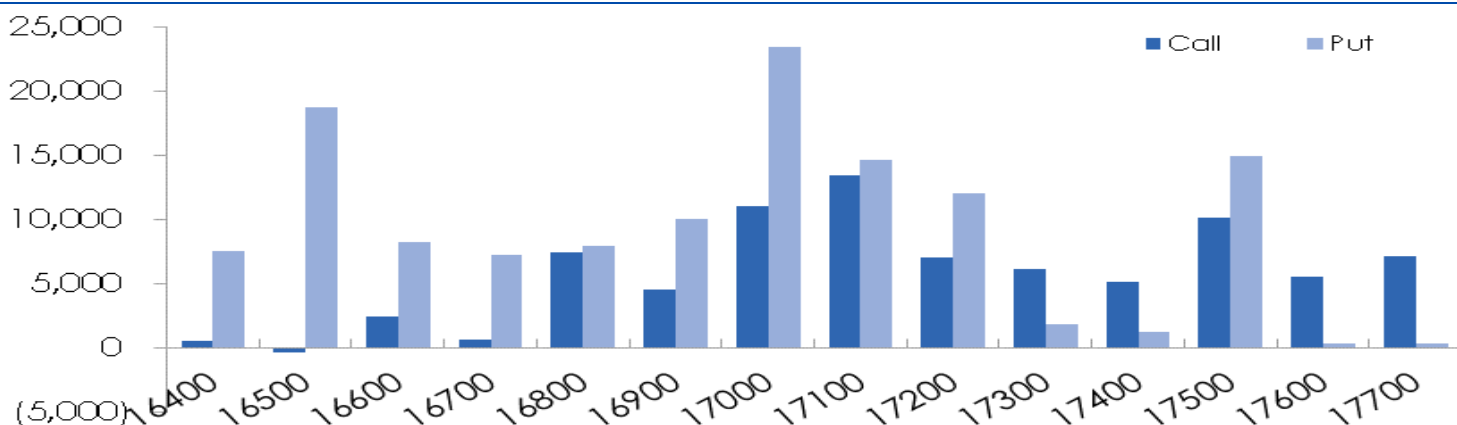
We had a positive start for the week and the optimism extended throughout the week to reclaim 17500. However, we did observe some profit booking at higher levels. In derivatives front, we observed good amount of open interest addition in both the indices; we believe majority of them were on long side. Stronger hands continued to pour liquidity in index equity market but added few shorts in index futures segment. Their 'Long Short Ratio' declined to 55% from 60% WOW. In options front, we observed massive writing in 17500-17600 call options. Considering the above data points, we believe 17500- 17600 may act as a hurdle for the forthcoming week, whereas 17100-17200 remains the strong demand zone. Hence, until we are trading in above mentioned range, traders are advised to prefer stock specific approach.

Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
BOSCHLTD	165000	30.64	17431.10	1.18
DALBHARAT	1371000	30.32	1622.65	1.04
ABFRL	12771200	28.22	278.95	3.01
LUPIN	10421850	26.13	671.20	3.68
ICICIPRULI	8062500	24.42	577.95	3.74

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
ALKEM	424000	85.64	3125.70	(3.09)
INDUSTOWER	19628000	72.15	200.25	(10.20)
SYNGENE	2651000	70.92	564.00	(1.23)
GAIL	45865900	67.65	132.80	(9.26)
BALRAMCHIN	10673600	55.94	351.55	(11.55)

Weekly change in OI



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