

Market manages to digest currency weakness, Nifty reclaims 17300

Sensex (58191) / Nifty (17314)



Source: Tradingview.com

Future outlook

Despite SGX NIFTY was indicating a sluggish start, our markets opened with marginal gains on Monday by completely shrugging off global cues. However, since the global developments over the previous weekend were a bit unfavorable, we failed to capitalize on this promising start, because things had to come to an equilibrium and hence, we witnessed a sustained selling throughout the session. Fortunately, the bulls made a remarkable comeback on the very next day to reclaim the 17200 mark. In the latter half, although we tested 17400 after a one-day break, market saw some sluggishness to conclude the week above 17300 as bulls managed to pocket more than a percent on a weekly basis.

With reference to our previous commentary, we had mentioned how 'Bullish Engulfing' pattern formed last Friday can provide some strength in our market. Although, Monday's session was a bit intimidating, the configuration remained intact and as the week progressed, it certainly proved it's worth. Now, since Nifty has managed to surpass 17200 and is maintaining it's position above this, 17200 – 17000 now becomes a sacrosanct zone for our market. Additionally, we can now observe yet another technical indicator i.e. positive crossover in daily 'RSI-Smoothened' is likely to provide the helping hand for bulls. If global market supports, we being the stronger market is likely to continue the upward direction. As far as levels are concerned, 17400 - 17500 - 17650 to be seen as immediate hurdles for our benchmark index. We advise traders to remain sanguine and looking at the placement of NIFTY MIDCAP 50 index, it's better to keep focusing on stock specific moves.

PCR-OI once again plunged below 1

Nifty spot closed at **17314.65** this week, against a close of **17094.35** last week. The Put-Call Ratio has decreased from **1.22** to **0.97**. The annualized Cost of Carry is positive at **1.50%**. The Open Interest of Nifty Futures increased by **4.11%**.

Derivatives View

Nifty current month's future closed with a premium of 14.20 against a premium of 8.85 points to its spot in the previous week. Next month's future is trading at a premium of 59.15 points.

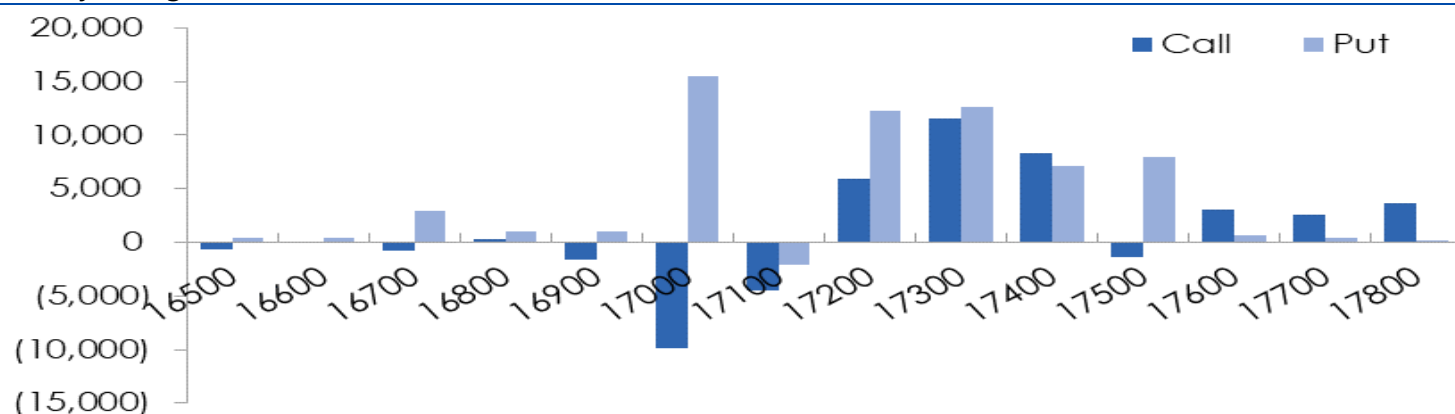
The Indian equity market has witnessed strong respite and finally we saw a positive closure after last two consecutive week's fall. In F&O space, fresh long build-up was seen in Nifty and short covering was observed in banking index. In recent pull back, put writers added decent positions in 17000-17200 strikes. On Friday, we observed good amount of writing 17500 call options resulting PCR-OI declining below 1. Stronger hands covered few shorts and added bullish bets in index futures segment; hence Long Short Ratio had slightly improved from 16% to 20% WoW. Considering the above data points, we believe 17000-17200 shall now act as strong support zone and any dips around this zone shall be an opportunity to add fresh longs in system. On the upside, around 17500 is the immediate hurdle.

Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
CUB	7550000	55.99	179.45	2.87
IBULHSGFIN	45016000	24.24	136.15	14.08
INDIACEM	18751400	24.16	276.05	1.54
DELTACORP	17298300	18.72	228.45	14.40
IDFCFIRSTB	194070000	17.93	53.15	5.98

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
GSPL	5660000	47.49	226.40	(2.58)
MOTHERSON	63605250	41.69	76.85	(29.72)
AUBANK	6705000	30.68	593.75	(4.58)
CROMPTON	4726500	28.93	396.40	(2.57)
RAMCOCEM	3555550	19.51	730.55	(2.45)

Weekly change in OI



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