

Mixed sentiments in key indices, broader market outshines

Sensex (59447) / Nifty (17785)



Source: Tradingview.com

Future outlook

On Monday, the news flow with respect to the merger of two giant companies, HDFC Ltd and HDFC Bank resulted in a complete gush in these heavyweights and then rub off of this was seen across the broader market. In this process, the key indices, Nifty and Bank Nifty just took off right from the word go. Since the HDFC conglomerate is known for its reputation, this development provided the much needed impetus to the rally. However, on the following sessions, the momentum fizzled out and as a result, key indices witnessed a decent profit booking for three consecutive sessions. Fortunately, on Friday, markets recovered from key levels to conclude the week tad below **17800**.

It has been an eventful week for our markets specifically, because it started with a bang due to HDFC twins merger news and then on the last day, the RBI monetary policy became the show stopper. Although the way market kicked off on Monday, the following sessions were not up to the mark. After giving a single day abnormal surge, both these stocks witnessed a decent profit booking thereafter. Fortunately, post the monetary policy, market took it positively and ended the week slightly inside the safe terrain. For the coming week, **17600** followed by **17400** are likely to provide some cushion for the index and till the time, we do not close below these key levels, we would continue with our 'Buy on decline' strategy. On the flipside, the first sign of strength would be visible after surpassing the **17900** mark.

Despite some mid-week hiccups, we managed to defend key supports and going by the famous phrase 'All's well that ends well', we must look at the optimistic close. The coming week is going to be the truncated one and hence, do not expect any big bang moves in key indices. The upside as of now looks limited for the week towards **18000 – 18100**. But the way broader market kept buzzing in the challenging phase this week as well, one must continue to focus outside the index.

An action-packed start to the FY23

Nifty spot closed at **17784.35** this week, against a close of **17670.45** last week. The Put-Call Ratio has decreased from **1.30** to **1.01**. The annualized Cost of Carry is positive at **9.69%**. The Open Interest of Nifty Futures decreased by **28.76%**.

Derivatives View

Nifty current month future closed with a premium of 94.40 points against a premium of 90.80 points to its spot. Next month future is trading at a premium of 139.70 points.

The start of FY23 has indeed been a roller coaster ride for the equity market, wherein the benchmark index pared down the initial gains of the week, though concluding the week in favor of the Bulls. Taking a glance at the F&O data, we observed mixed activity during the week, wherein the stronger hands were seen closing their short positions, followed by a mix of long building and unwinding throughout the week. In the options segment, the pile-up is clearly visible in 17600-17700 Put strikes. While on the contrary, a considerable OI concentration is built on the 18000 call option, breaching which a strong momentum could be seen in the comparable period. Considering recent development, we remain upbeat on the market and expect the bullish momentum to continue. Also, traders are advised to use any declines to add new long positions.

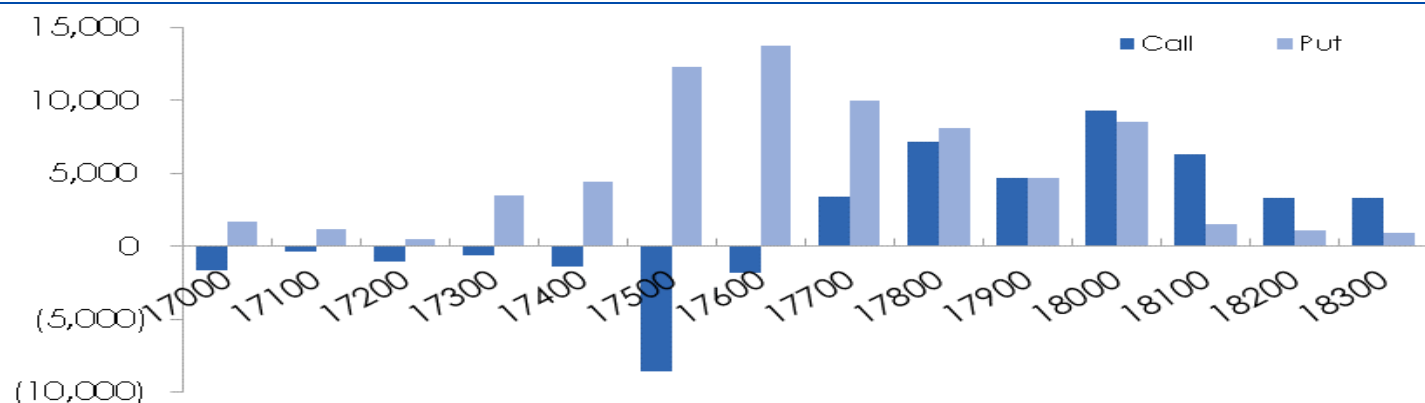
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
BSOFT	6087900	35.82	492.45	5.74
IOC	54704000	27.59	127.80	7.44
TATACOMM	4279200	26.33	1353.60	15.91
BALRAMCHIN	8300800	23.94	513.15	6.83
CANFINHOME	3785925	20.59	661.45	9.71

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
ZEEL	86106000	28.17	287.30	(2.69)
RBLBANK	59829900	26.65	128.40	(3.96)
ONGC	56741300	13.79	171.50	(2.56)
IDFC	116180000	13.61	62.80	(2.03)
MPHASIS	1704850	9.76	3181.15	(3.34)

Weekly change in OI



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