

## Colossal rally despite a truncated week, 9000 reclaimed convincingly

### Sensex (31160) / Nifty (9112)

NSE:NIFTY, 1D 9111.90 ▲ +363.15 (+4.15%) O:8973.05 H:9128.35 L:8904.55 C:9111.90



TradingView

Source: Trading View

### Future outlook

After an extended weekend, our markets kick started the new trading week on Tuesday with a decent bump up of more than 300 points. This was mainly on the back of a strong relief move seen in US markets as the death toll with respect to coronavirus reduced a bit and thereby gave early signs of subsiding this pandemic. Although, the close was muted on Wednesday, markets compensated well by yet another gap up opening on the subsequent day. In fact, the buying momentum accelerated in the latter half to conclude the week well above the **9000** mark.

Looking at the colossal rally of more than 12% on a weekly basis, who would believe that it was a truncated week and in merely 3 trading sessions, the Nifty is convincingly beyond **9000**. As far as the coronavirus pandemic is concerned, in reality, we are still not out of the woods yet. But market mostly moves on hope or anticipation, this is clearly one of those instances. Practically, the major impact of this epidemic has already been discounted by markets across the globe in last few weeks and there was just a small ray of hope needed to rebound sharply from extreme oversold or under owned situations. With this, previous Friday's decline becomes a bear trap as we are significantly off lows now before anyone could realise.

Technically speaking, the Nifty has now managed to surpass the '20-day EMA' for the first time since 24th February. Since there was a complete broad based participation in this move, it can be considered as a robust one. Looking at the way charts are shaped up, we will not be surprised to see this rally getting extended towards **9500-9700** over the next few days. However, one must not forget that the recent crisis is related to 'Health' and hence, it would be important to see further developments with respect to coronavirus over the weekend. If no aberration seen then the above mentioned levels are very much on cards. On the flipside, **8900** followed by **8650** would be seen as key supports. Traders are advised to keep following stock centric approach and should keep booking timely profits on a regular basis.

## India VIX corrects to end below 50

Nifty spot closed at **9111.90** this week, against a close of **8083.80** last week. The Put-Call Ratio has increased from **1.18** to **1.53**. The annualized Cost of Carry is negative at **4.80%**. The Open Interest of Nifty Futures has increased by **12.39%**.

### Derivatives View

Nifty current month future closed with a discount of **25.20** points against a premium of **0.70** points to its spot. Next month future is trading with a discount of **10.80** points.

As far as Nifty options activities for the week are concerned, we witnessed unwinding in call options as the market rallied whereas 8800-8500 put options witnessed open interest addition. Maximum open interest for the monthly series now stands at 10000 call option and 8000 put option.

During the week, the Nifty index rallied by over 12 percent with rise in open interest by 8 percent whereas Bank Nifty rallied by 15 percent with rise in open interest by 15.74 percent. FIIs covered some of their short positions and formed fresh long positions in the index futures segment. Their 'Long Short Ratio' which was 28 percent on last Friday has now moved to 44 percent. We witnessed open interest addition in put options as the market rallied and India VIX corrected during the week to end below the 50 mark. The above data clearly indicates short covering along with fresh long formation was seen during this week. In the coming week, we could see continuation of this momentum upto 9400-9500. The immediate support for Nifty is placed around 8800 followed by 8500.

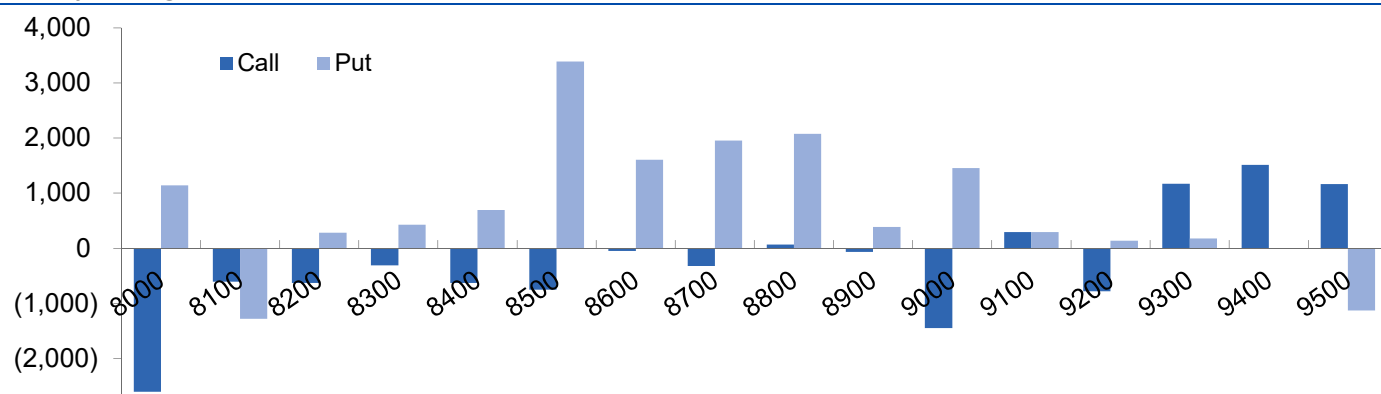
### Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
CUMMINSIND	1698300	88.32	355.50	18.60
TORNTPHARM	472000	51.28	2567.85	23.97
LUPIN	8616300	37.10	794.70	21.30
TVSMOTOR	3014550	35.09	301.80	19.43
CADILAHC	3982000	33.19	350.50	27.25

### Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

### Weekly change in OI



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