

Optimism surrounds market; Nifty reclaimed 17600

Sensex (59833) / Nifty (17599)



Source: Tradingview.com

Future outlook

The Indian equity markets had a splendid move in the truncated week, wherein the benchmark index Nifty50 witnessed continuation in the uptrend post the consolidation breakout in the previous week. The broad-based buying emergence showcased the eagerness of the bulls to levitate the market amidst favorable conditions. With a robust trading week, Nifty soared nearly 1.40 percent from its last week's closure and reclaimed the **17600** level.

The truncated yet eventful week marked in favor of the bulls. The no change in the interest rate by the RBI in the last trading session has provided buoyancy in the overall equity space, and that certainly got reflected in the price action of the key indices. From the technical aspect, it is a strong comeback from Nifty as it surpasses the 200 SMA on a closing basis. But at the same time, one should not become complacent and should not rule out the possibility of a breather post the steep rally. As far as levels are concerned, **17500-17400** is likely to cushion any short-term blip, while the sacrosanct support lies around the bullish gap of **17200** in the comparable period. On the flip side, the **17600-17700** is likely to be seen as an immediate hurdle and an authoritative breach beyond the same could only trigger the next leg of rally in Nifty towards **17800** for the upcoming week.

Going ahead, we remain sanguine with the current momentum and would advocate the traders to utilize the dips to add long positions in the index. Simultaneously, one needs to keep a close tab on the mentioned levels and continue with a buy on decline strategy for the time being. Also, we expect strong moves in the broader market, so one needs to have a stock-centric approach for better trading opportunities and stay abreast with global and domestic developments.

Banking index sheds 45% of outstanding contracts

Nifty spot closed at **17599.15** this week, against a close of **17359.75** last week. The Put-Call Ratio has decreased from **1.27** to **1.20** on Weekly basis. The annualized Cost of Carry is positive at **4.45%**. The Open Interest of Nifty Futures decreased by **9.88%**.

Derivatives View

Nifty current month's future closed with a premium of 45.05 against a premium of 82.90 points to its spot in the previous week. Next month's future is trading at a premium of 110.50 points.

Post the robust recovery seen in the final week of last financial year, we witnessed a follow-up short covering move to reclaim 17600 with an authority. On the derivatives front, we noticed meaningful short covering of positions in both the key indices, specifically the banking index wherein open interest reduction of 45% was seen on a weekly basis. The stronger hands curtailed some of their shorts and added fresh longs in the system by the weekend; hence, the 'Long Short Ratio' advanced to 18% from 11% WoW. On the options front, fresh writing was seen in 17600 put strikes and at the same time the highest OI concentration at the 17500 PE, suggests an upward shift in the support base. On the flip side, meaningful unwinding was seen in 17400-18000 call strikes which is certainly a positive development. Considering the above data point, we remain upbeat and expect an extension of upmove towards 17800 going ahead.

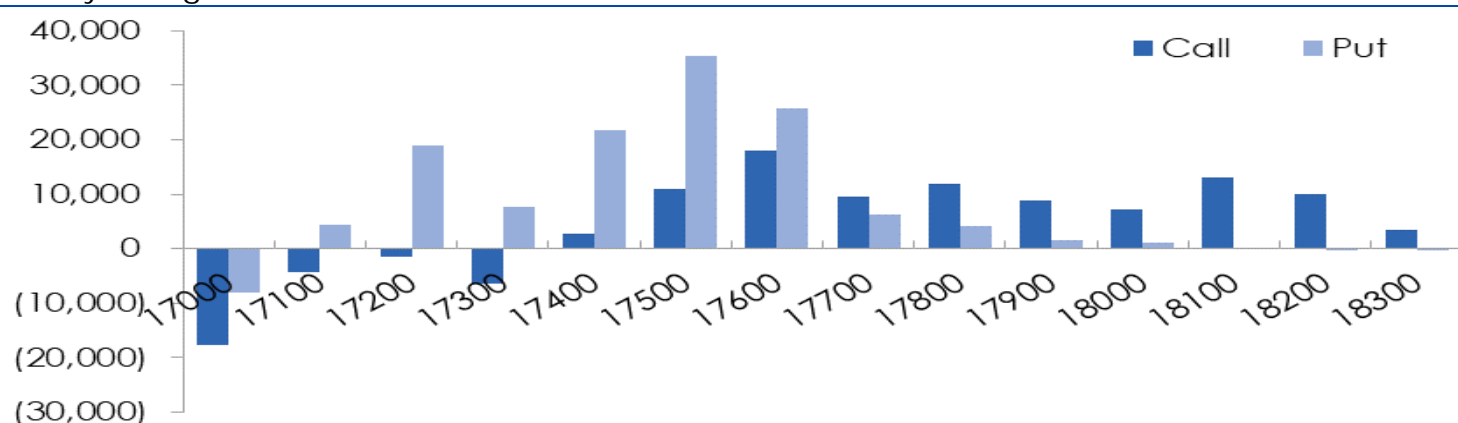
Long Formation

| Scrip | OI Futures | OI Chg (%) | Price | Price Chg(%) |
|------------|------------|------------|---------|--------------|
| BALRAMCHIN | 7529600 | 44.36 | 413.50 | 3.89 |
| BAJAJ-AUTO | 1935750 | 33.71 | 4025.05 | 3.92 |
| CHOLAFIN | 12722500 | 26.89 | 845.65 | 10.77 |
| GMRINFRA | 149962500 | 26.76 | 44.25 | 8.72 |
| GUJGASLTD | 4838750 | 20.40 | 467.35 | 1.29 |

Short Formation

| Scrip | OI Futures | OI Chg (%) | Price | Price Chg(%) |
|------------|------------|------------|----------|--------------|
| APOLLOHOSP | 1713125 | 22.84 | 4222.40 | (2.75) |
| FEDERALBNK | 63005000 | 22.40 | 127.35 | (3.85) |
| MCX | 859200 | 22.32 | 1501.30 | (1.63) |
| ASHOKLEY | 63105000 | 19.70 | 137.20 | (1.82) |
| BOSCHLTD | 160400 | 17.72 | 18886.00 | (1.41) |

Weekly change in OI



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| Sameet Chavan | Chief Analyst – Technical & Derivatives | sameet.chavan@angelone.in |
| Sneha Seth | Senior Analyst – Technical & Derivatives | sneha.seth@angelone.in |
| Rajesh Bhosale | Technical Analyst | rajesh.bhosle@angelone.in |
| Osho Krishan | Senior Analyst – Technical & Derivatives | osho.krishan@angelone.in |

Research Team Tel: 022 - 39357600

Website: www.angelone.inFor Technical QueriesE-mail: technicalresearch-cso@angelone.inFor Derivative QueriesE-mail: derivatives.desk@angelone.in**DISCLAIMER**

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