

Global uncertainty subsides, Nifty reclaims 16600

Sensex (55550) / Nifty (16630)



Source: Tradingview.com

Future outlook

Markets had a terrible start to the week gone by as tensions escalated between Russia and Ukraine over the previous weekend. This resulted in a massive gap down on Monday. Fortunately, the damage was not much thereafter as we witnessed Nifty making attempts of stabilizing around **15700**. Post this, the global uncertainty subsided a bit which resulted into a complete V-shaped recovery in the following two sessions. Since the market was deeply oversold, the speed at which it made a comeback, was really remarkable. Eventually, with some range bound movement on Friday, Nifty ended the week with decent gains over couple of a percent.

It was certainly an action packed week for our markets and although, the beginning was a bit unpleasant, we must cherish the spectacular recovery we had in the latter half of the week. Until last week, we were a bit convinced of having one more round of selling to enter sub-**16000** terrain. Market did have a short lived appearance below this; but fortunately, all's well that ends well. Now the way market has rebounded sharply, it has all the ingredients needed for confirming a bottom. But since the current situation is connected to war kind of scenario, we are waiting for further confirmation beyond certain levels but practically, we have already changed our stance in last couple of sessions. As far as levels are concerned, **16750 – 16800** remains to be a key hurdle and any sustainable move above this would confirm Tuesday's low as a bottom. On the flipside, **16450** followed by **16200** are to be seen as immediate supports.

Going ahead, we expect some consolidation in key indices and lot of adjustment would continue to happen in individual stocks. For the coming week, in case of index consolidation, one should focus on stock specific moves, which are likely to continue and can provide excellent trading opportunities.

PCR-OI finally normalises above 1

Nifty spot closed at **16630.45** this week, against a close of **16245.35** last week. The Put-Call Ratio has decreased from **0.85** to **1.03**. The annualized Cost of Carry is positive at **1.90%**. The Open Interest of Nifty Futures increased by **6.69%**.

Derivatives View

Nifty current month future closed with a premium of 17.30 points against a premium of 13.60 points to its spot. Next month future is trading at a premium of 64.40 points.

We began the week with a downside gap and then went to touch 15700; but luckily no further damage was observed in fact index rebounded with a force after to reclaim 16750 on the weekly expiry session. On Friday, the Nifty entered the consolidation mood and hence we ended the week tad above 16600. As far as F&O activities are concerned, we saw blend of long formation and short covering in Nifty and BankNifty. In Nifty options, the buildup remained scattered in call as well as put options; however, 16500 put and 17000 call strikes are attracting traders' attention. Stronger hands remained net sellers in equity and added mixed bets in index futures segment with majority on the short side. Form the coming week, 16400-16500 should be the support zone; whereas resistance is placed around 16700-16800 zone. Traders are advocated trading with a positive bias and should continue focusing individual space.

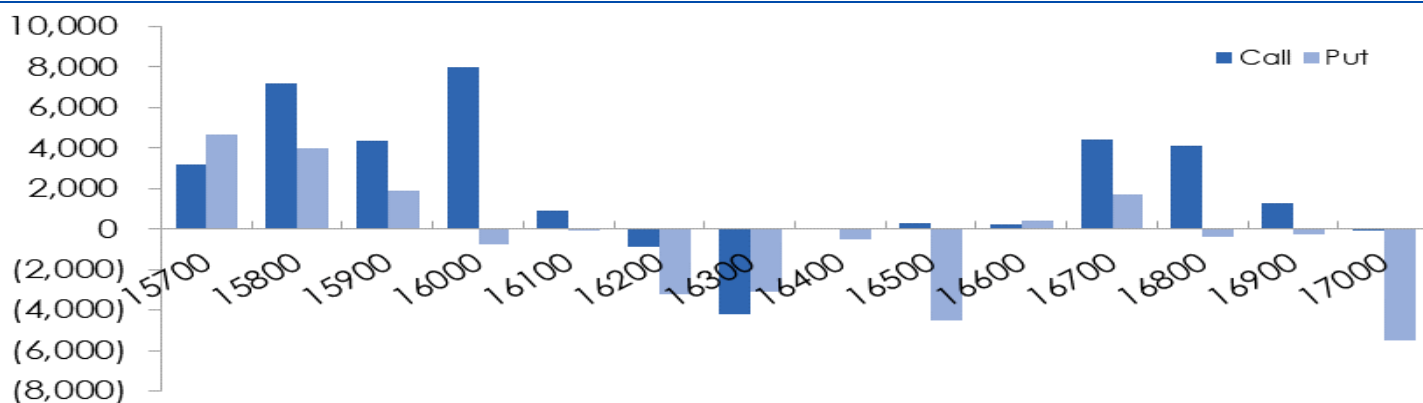
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
ONGC	46107600	64.78	175.20	7.85
CHAMBLFERT	2472000	38.14	425.00	9.61
GNFC	3646500	32.88	708.85	18.13
ATUL	116550	29.72	9555.15	11.89
BALRAMCHIN	9198400	28.38	489.70	16.19

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
COFORGE	1764800	248.64	4312.85	(6.74)
JKCEMENT	496825	76.12	2306.35	(12.02)
GSPL	2138600	69.54	268.35	(4.40)
WHIRLPOOL	647500	47.16	1579.85	(3.22)
MOTHERSUMI	35346500	44.73	131.85	(3.62)

Weekly change in OI



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