

## Nifty reclaims 18100 due to late recovery

**Sensex (60687) / Nifty (18103)**



Source: Tradingview.com

### Future outlook

Overall the global cues were a bit favourable on Monday morning and hence after a long break, our markets opened with a decent upside gap to test **18000**. However within few minutes of trade, all these gains just disappeared and in fact, we went on to slide below **17850**. Market was not done with its twists and turns as we saw strong buying interest at lower levels to pull the market higher. The positive momentum gained some pace post the mid-session to surpass the morning high. This was followed by two days' of consolidation in a small range. On the weekly expiry day, we had a soft opening on the back of some nervousness seen in major global peers. In fact in the initial hour itself, the weakness extended in some of the heavyweight pockets. This led to breach of **17900** first and then after a decent consolidation, Nifty went on to even test the **17800** mark. At the stroke of the penultimate hour, the expiry factor started playing out and this time it fortunately favoured the bulls as we witnessed a smart recovery towards the end to trim some portion of losses.

This was followed by a complete opposite action on Friday as we witnessed a gap up opening first and then due to sustained buying in some of the heavyweights, Nifty went on to reclaim the **18100** mark at the close. Market seems to have trapped in a range and this week although point wise we gyrated within 300 points, it's hardly one and half a percent range for the Nifty. So we would rather call it a consolidation in the range of **17800 – 18100**. For the coming week, **18200 – 18350** is to be seen as a crucial range and till the time we do not surpass it convincingly, we are not completely out of the woods yet. In fact, it would be too early to comment on it; but we can clearly see a bearish formation of 'Head and Shoulder' being in process on the daily chart of Nifty. The neckline support is around **17700 – 17600**, which if gets broken, we could see difficult days for market in the short run. With reference to our recent cautious stance on the market, we will not be surprised to see it happening soon, if we fail to go beyond the mentioned zone of **18200 – 18350** in the forthcoming week.

The main reason for us to continue with the cautious stance is the formation of 'Shooting Star' pattern on monthly chart. As long as we do not break the high of the candle, it can prove its significance anytime. Hence, we reiterate on avoiding aggressive longs and even if one wants to follow stock specific moves, needs to be very selective.

## Base shifted higher to 18000 now

Nifty spot closed at **18102.75** this week, against a close of **17829.20** last week. The Put-Call Ratio has increased from **0.81** to **1.16**. The annualized Cost of Carry is positive at **4.42%**. The Open Interest of Nifty Futures decreased by **0.97%**.

### Derivatives View

Nifty current month future closed with a premium of 30.70 points against a premium of 17.95 points to its spot. Next month future is trading at a premium of 86.95 points.

Last week was full of action, as we began the week on a cheerful note and saw sharp selling in the initial hour of trade to plunge below 17850. Luckily, index recovered to recoup all the losses on the same day and reclaimed 18100 on Tuesday early morning. However, index witnessed some nervousness at the higher levels and hence corrected below 17800 on Thursday. On Friday, we had a strong opening and follow-up buying led weekly closing tad above 18100 mark. In F&O space, we hardly saw any relevant build-up in Nifty; the recovery seen on Friday was mainly due to short covering; whereas, banking index witnessed decent open interest reduction. In options front, out the money calls of 18300 and 18500 added meaningful positions and in case of puts, 18000 puts added massive positions. This has resulted highest open interest addition shifting higher to 18000 put and 18500 call options. Considering the options data, we would advocate traders to trade with a positive bias until we managed to sustain above 18000.

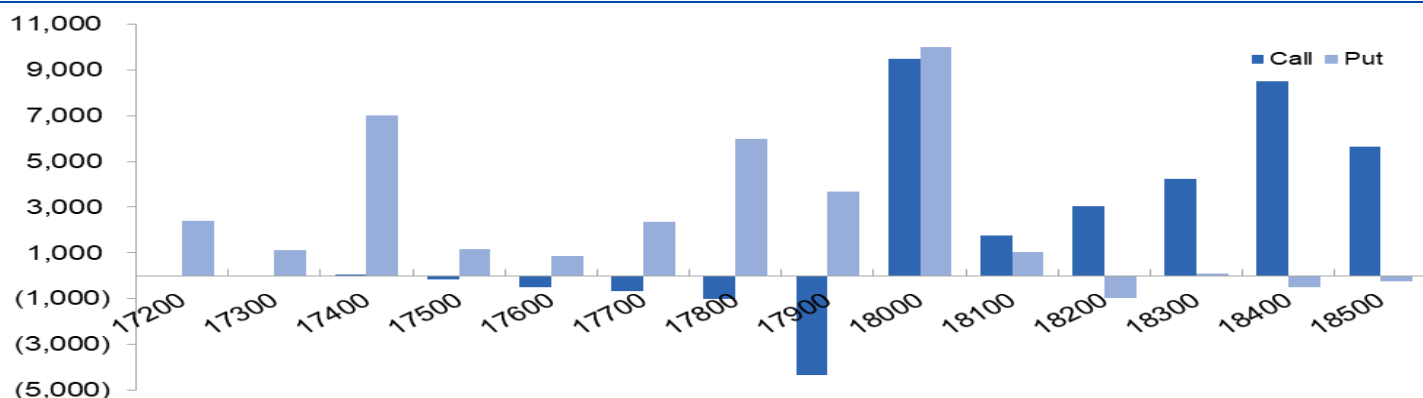
### Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
IPCALAB	2245500	45.02	2166.30	3.88
NAVINFUOR	827550	25.32	3536.45	3.11
IBULHSGFIN	38877100	24.07	230.25	1.79
BOSCHLTD	171400	20.37	18628.10	4.93
VEDL	165493500	18.99	329.45	5.58

### Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
INDUSINDBK	21214800	49.45	1039.25	(12.14)
HDFCBANK	37826800	25.05	1559.40	(1.51)
ALKEM	695400	22.30	3566.80	(2.78)
RECLTD	35454000	21.56	145.55	(3.55)
STAR	3909825	21.22	510.10	(5.45)

### Weekly change in OI



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