

Market consolidates ahead of long break

Sensex (58339) / Nifty (17476)



Source: Tradingview.com

Future outlook

Despite a promising close last Friday, our markets started the week on Monday on a tepid note owing to sluggish global cues. On the same day, Nifty consolidated for the major part with the hint of some weakness to close below **17700**. However, on the following day, we witnessed a decent gap down opening on the back of some nervousness seen across the global markets. Although the damage was restricted to a great extent, individual stocks saw decent profit booking all this while. The similar range bound session was observed on Wednesday to conclude the truncated week with nearly 2% loss tad below the **17500** mark.

It was certainly a bit challenging week for our markets and obviously due to such long gap, market participants chose to take some money off the table and did not carry over aggressive trades. Now if we take a glance at the daily time frame chart, we can see Nifty placed at a crucial juncture. Firstly, the sacrosanct support of '20-day EMA' is positioned at **17450** which coincides with the breakout point of previous congestion zone. Hence till the time, Nifty is holding **17400 – 17200**, we remain a bit hopeful of some recovery here. We hope there is no aberration on global front in coming days and any favorable cue would certainly be a cherry on the cake. On the upside, **17700** followed by **17850** are the levels to watch out for. If Nifty has to regain any strength, it needs to surpass these barriers with some authority.

Let's see how things pan out and in our sense, if benchmark has to move higher from here, the banking needs to take the charge (which we are assuming on this occasion). The BANKNIFTY is placed at its rock solid support of **37000 – 36800**. A move beyond **38000** would provide the impetus for the next leg of the rally. Apart from this, although broader market underwent some profit booking in last couple of days, we still expect the smaller names to outperform going forward.

Nifty stuck in the range of 17400-17700

Nifty spot closed at **17475.65** this week, against a close of **17670.45** last week. The Put-Call Ratio has decreased from **1.01** to **0.72**. The annualized Cost of Carry is positive at **9.69%**. The Open Interest of Nifty Futures increased by **1.78%**.

Derivatives View

Nifty current month future closed with a premium of 43.60 points against a premium of 42.55 points to its spot. Next month future is trading at a premium of 94.15 points.

We began the truncated week with some nervousness; however, no major damage was observed thereafter as the benchmark index traded in a narrow range of merely 120 points for the entire day. Next day, we once again had a gap down opening and then follow-up selling dragged index below 17450; however, due to some respite managed to close above 17500. On Wednesday, market kick started the day on a cheerful note but couldn't sustain at higher levels and slipped back towards 17450. Finally, we concluded the week tad below 17500 with a cut of 1.74%. in F&O space, we observed some fresh shorts in Nifty as well as BankNifty. Call writer added decent positions in 17500-17600 call strikes; hence, market may face immediate hurdle around 17550-17600 now. Whereas on the other side, looking at positions piled up in 17400 and 17500; we believe market may find support around 17400. For the coming week, we need to keep a close watch on above mentioned levels and breaching of any levels may dictate the directional move.

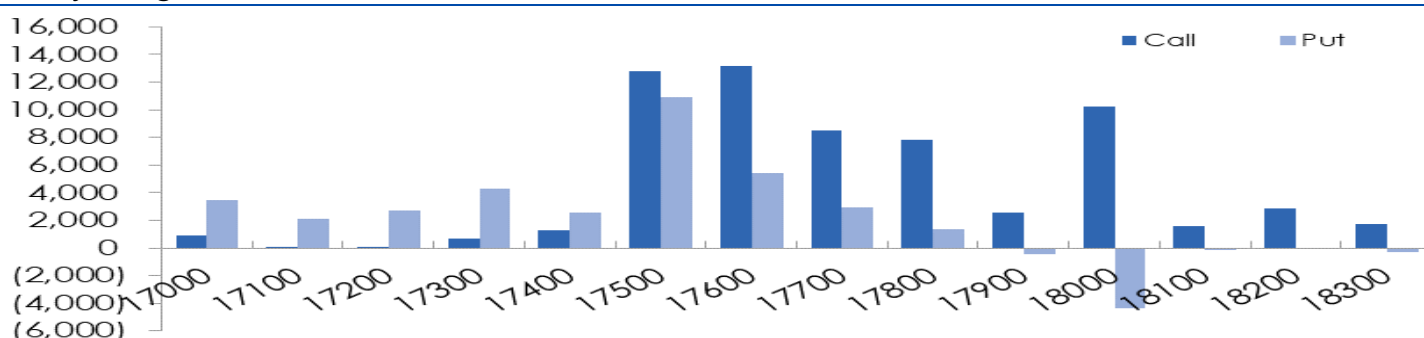
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
AMBUJACEM	30928500	28.99	370.55	9.36
ACC	3179250	22.72	2212.15	1.31
ABCAPITAL	22730400	20.64	117.90	3.19
OBEROIRLT	4328800	11.69	1002.15	3.97
PVR	2987380	10.98	1911.05	1.36

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
PERSISTENT	440700	43.74	4346.75	(8.34)
LTTS	956000	25.62	4519.45	(9.73)
INFY	37897800	18.57	1755.10	(3.67)
INTELLECT	1662750	17.68	917.05	(4.86)
HDFCBANK	60347100	16.55	1472.60	(3.42)

Weekly change in OI



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