

## Winning streak continues for the third consecutive week; Nifty reclaims 17800

Sensex (60431) / Nifty (17828)



Source: Tradingview.com

### Future outlook

After an extended weekend, our markets started with a small upside gap on Monday; however, post the opening there was no major traction within the key indices. As the week progressed, the optimism was back, as Nifty continued with its northward journey where the bulls capitalized on every Intra-week dip. The winning streak continued for the third consecutive week as Nifty reclaimed **17800** on a weekly basis.

Despite being a truncated week, the bulls added another 1.30% to their kitty on a week-on-week basis. With this, prices have comfortably closed above the March swing high of **17800**. This is a very positive development because prices have broken above a major swing high for the first time in this calendar year. From a technical perspective, there is a 'Rounding Bottom' formation visible on the daily time frame chart, which augurs well for the bulls. In addition, if we observe the weekly chart, we can see a fresh buy signal in the RSI smoothed with its signal line. This indicates a continuation of up move in the near term. Having said that, one should avoid being complacent as this recent up-move has been very steep without any breather and hence, some in-between pause or mild profit booking cannot be ruled out. Hence, traders should prefer to take some money off the table at higher levels, whereas, in case of any dips, one should use it as an opportunity to add bullish bets. With the continuous nine days winning streak, the support level continues to shift higher as we now see immediate support in the zone of **17700 - 17600**; whereas 200-SMA around **17500** is likely to act as a sacrosanct level. On the flip side, the next set of resistance is seen at the psychological level of **18000** followed by the next swing high of **18137**.

The major action during the week was seen outside the index as many front-line and mid-cap counters gave mesmerizing moves. Traders should continue to focus on such potential movers; however, one needs to be very selective as the low-hanging fruit is already gone.

## Encouraging F&O data; Long Short Ratio soared to 39%

Nifty spot closed at **17828.00** this week, against a close of **17599.15** last week. The Put-Call Ratio has decreased from **1.20** to **1.19** on Weekly basis. The annualized Cost of Carry is positive at **7.55%**. The Open Interest of Nifty Futures decreased by **6.59%**.

### Derivatives View

Nifty current month's future closed with a premium of 51.65 against a premium of 45.05 points to its spot in the previous week. Next month's future is trading at a premium of 106.10 points.

The Indian equity markets had a splendid move for the third consecutive week, wherein Nifty had a winning streak for nine consecutive sessions and settled above 17800, procuring 1.30 percent in the week. On the derivatives front, we noticed a meaningful short covering of positions in both key indices as the week went by. The stronger hands continued to curtail their shorts in the system, leading advancement in the 'Long Short Ratio' to 39% from 18% on a weekly basis. On the options front, fresh writing was seen in the 17800 put strike, followed by considerable piling in 17700-17500 PE, indicating an upward shift in the support base. On the flip side, the highest OI concentration is seen at the 18000-call strike, which is likely to be seen as the major hurdle for the time being. Considering the above data point, we remain upbeat and expect any intra-week blip to be utilized to add fresh longs in the system.

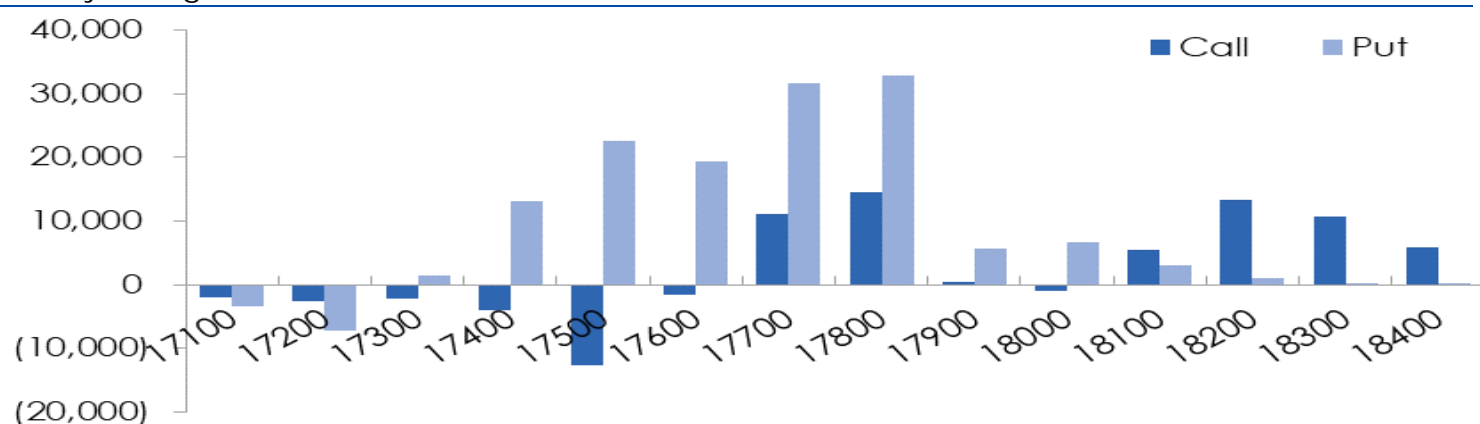
#### Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
BAJAJ-AUTO	2746250	41.87	4269.45	6.07
AUBANK	16710000	36.25	673.60	19.37
ONGC	54720050	26.45	159.45	5.35
TVSMOTOR	6684300	18.99	1161.80	5.74
GODREJPROP	5323975	16.49	1284.85	13.62

#### Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
INFY	38411600	15.55	1390.05	(2.52)
PETRONET	14841000	15.34	228.50	(3.34)
LICHSGFIN	16554000	15.33	328.60	(2.64)
INDUSTOWER	33202400	12.05	136.65	(3.50)
LTIM	1662000	10.78	4649.50	(2.97)

### Weekly change in OI



Sameet Chavan	Chief Analyst – Technical & Derivatives	<a href="mailto:sameet.chavan@angelone.in">sameet.chavan@angelone.in</a>
Sneha Seth	Senior Analyst – Technical & Derivatives	<a href="mailto:sneha.seth@angelone.in">sneha.seth@angelone.in</a>
Rajesh Bhosale	Technical Analyst	<a href="mailto:rajesh.bhosle@angelone.in">rajesh.bhosle@angelone.in</a>
Osho Krishan	Senior Analyst – Technical & Derivatives	<a href="mailto:osho.krishan@angelone.in">osho.krishan@angelone.in</a>

Research Team Tel: 022 - 39357600

Website: [www.angelone.in](http://www.angelone.in)For Technical QueriesE-mail: [technicalresearch-cso@angelone.in](mailto:technicalresearch-cso@angelone.in)For Derivative QueriesE-mail: [derivatives.desk@angelone.in](mailto:derivatives.desk@angelone.in)**DISCLAIMER**

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