

## Relentless rally continues, 18000 conquered with an ease

Sensex (61306) / Nifty (18339)



Source: Tradingview.com

### Future outlook

Markets had a soft opening to the week on Monday taking into consideration some nervousness in global bourses. However the things settled thereafter as we witnessed a strong close above **17900** for the first time ever. This was followed by back to back excellent sessions for our market and in the process; the Nifty not only reached yet another milestone of **18000** but even surpassed it comfortably to mark new highs beyond **18300**. After two weeks' of slight pause, Nifty finally resumed its upward trajectory to add more than a couple of percent to the mighty bulls' kitty.

Despite being a truncated week, the bulls made their presence feel in all four trading sessions. Importantly, the banking space provided a helping hand first when it was the most needed because the IT basket had a shaky start after weak set of numbers from TCS over the last weekend. In fact, as the week progressed, the buying momentum accelerated in the banking counters which led the benchmark at such record highs. This rally has been relentless in nature and we must admit that it has overshot our expectations by a fair margin. But this is how market functions, it is always full of surprises and it moves the way it wants to. Now since we are trading in an uncharted territory, it would be very difficult to project higher levels. Hence, **18500** is to be seen as immediate psychological level and thereafter every 100 points round figure is to be considered as next level.

As far as supports are concerned, **18200** followed by **18000** are to be seen as strong supports for the coming days. Here, **18000** holds a key for the bulls and as long as it's defended comfortably, the bulls have no reason to worry for. Although the trend has been extremely strong, we reiterate that one should avoid getting complacent at such elevated levels. The pragmatic approach would be to go one step at a time and try to avoid aggressive bets overnight. The stock specific action continues and hence, traders are advised to keep focusing on such bets.



## Stronger hands turn buyers in derivatives segment

Nifty spot closed at **18338.55** this week, against a close of **17895.20** last week. The Put-Call Ratio has increased from **1.30** to **1.44**. The annualized Cost of Carry is positive at **2.34%**. The Open Interest of Nifty Futures increased by **0.34%**.

### Derivatives View

Nifty current month future closed with a premium of 18.20 points against a premium of 17.80 points to its spot. Next month future is trading at a premium of 47.95 points.

Nifty rallied sharply during the week to end the truncated week well above 18300. However, we did not see any relevant open interest addition in Nifty during the week. The Banking index rallied sharply on the weekly expiry day where we witnessed some short covering. FIIs seemed a bit skeptical at the start of the week, but then they too participated and formed long positions in derivatives segment. They bought index futures due to which their 'Long Short Ratio' has increased to 67 percent. In options segment, the call writers at 18000 strike ran to cover their positions as the market surpassed that level. Then, as the index continued its momentum, aggressive put writing was seen which shifted the support base higher. The open interest data now indicates good support around 18200 and then at 18000. On the flipside, 18500 would be the immediate resistance on the upside. Traders are advised to continue to look for stock specific opportunities and trade with the momentum.

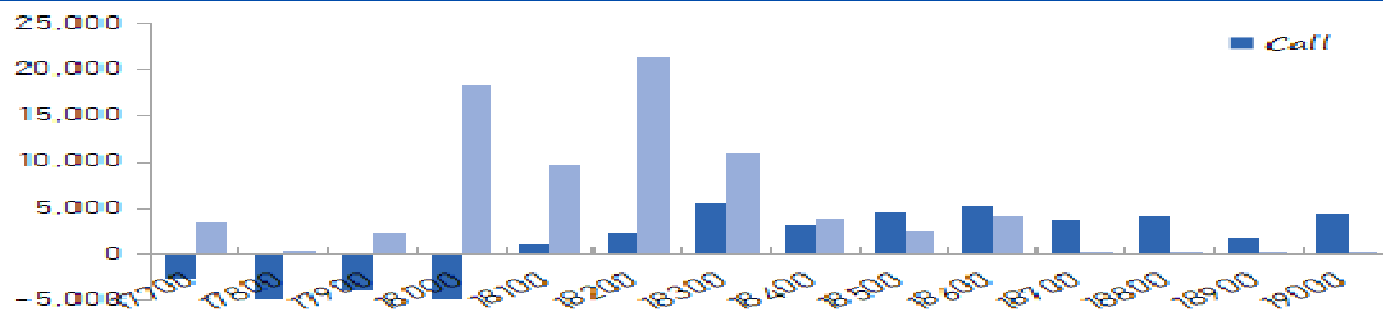
#### Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
RECLTD	36078000	46.27	165.45	4.81
PFC	38898800	44.80	149.65	6.89
ZEEL	66999000	30.57	320.80	8.18
IEX	11295000	28.28	796.60	13.84
NTPC	69847800	25.75	149.15	5.37

#### Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
TCS	14871900	77.24	3627.25	(7.57)
HCLTECH	23800000	21.36	1249.50	(5.50)
HDFCLIFE	22664400	18.63	696.85	(3.86)
BIOCON	19842100	12.76	348.80	(3.00)
METROPOLIS	736600	12.70	2649.50	(3.02)

#### Weekly change in OI





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