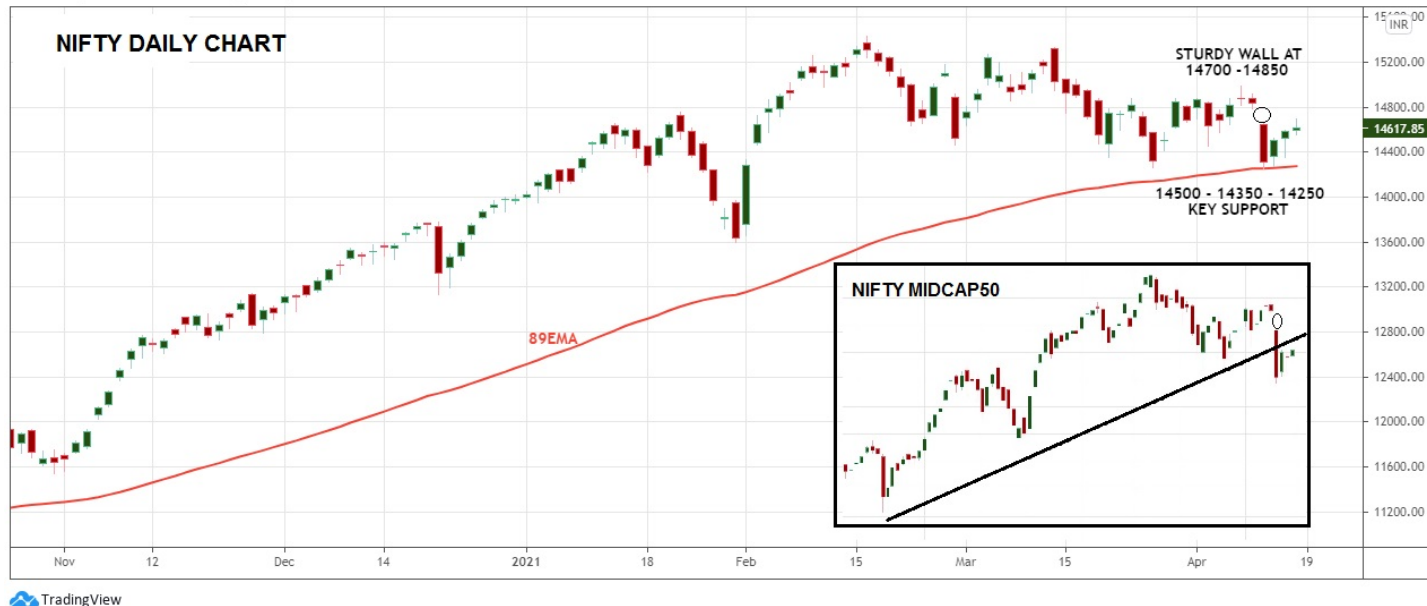


Market stabilized despite initial hiccup, not out of the woods yet

Sensex (48832) / Nifty (14618)

NSE:NIFTY, 1D 14617.85 ▲ +36.40 (+0.25%) O:14599.60 H:14697.70 L:14559.00 C:14617.85



TradingView

Source: Trading View

Future outlook

We had a pathetic start for the week on Monday as Nifty surprisingly opened with a massive cut of more than 200 points as indicated by the SGX Nifty. This was mainly on the back of mounting concerns over the COVID-19 cases on the domestic front. Since it weighed down heavily on the financial space, the knock turned out to be a brutal one. In this process, the Nifty went on to tumble over 500 points to test the sub-**14300** territory. Things looked extremely scary at the close on the opening day; but fortunately there was no follow through seen to it. In fact, throughout the remaining part of the week, we managed to recover fair bit of ground to trim major portion of losses.

Since last couple of weeks, market was trapped in a small range where it neither had strength to stay beyond **14900** nor it was letting it slide below **14500**. Due to Monday's sharp selloff, Nifty breached this range in the downward direction and the major culprit of this was clearly the entire financial basket. Although, Nifty didn't violate major support of **14200**, the BANKNIFTY finally slipped below its cluster of support placed at **32400 – 32200**. Hence, till the time we do not see banking index crossing **32500 – 33000** levels, we are certainly not out of the woods yet. As far as Nifty is concerned, **14700 – 14850** remains to be a sturdy wall and surpassing it would really be a daunting task for the bulls. On the downside, **14500 – 14350 – 14250** are the levels to watch out for.

If we have to take out any positives from the week gone by, then it would certainly be an overall improvement in the market breadth which remained strongly in favour of advances. Also there were few pockets like IT and Pharma did exceedingly well towards the latter half. But we would like to highlight one point that the NIFTY MIDCAP50 index has confirmed a 'Lower Top Lower Bottom' sequence on daily chart along with the breakdown from 'Head and Shoulder' pattern. Hence, identifying the apt theme and the potential movers within the same would prove out to be the key aspect. In our sense, it's better to stay light on positions and avoid aggressive longs till the time few key levels are not reclaimed convincingly.

14600-14700 remains a key hurdle

Nifty spot closed at **14617.85** this week, against a close of **14834.85** last week. The Put-Call Ratio has increased from **1.29** to **1.38**. The annualized Cost of Carry is positive at **5.35%**. The Open Interest of Nifty Futures increased by **4.25%**.

Derivatives View

Nifty current month future closed with a premium of **27.85** points against a premium of **58.15** points to its spot. Next month future is trading at a premium of **75.95** points.

In options segment, the build-up was scattered between 14500-15200 call options. In put options, we hardly saw any relevant build-up; however, decent unwinding was seen 14500-14900 strikes. Maximum build-up in the monthly series is now placed in 15000 call and 14000 put options.

We started-off the week with the downside gap amidst partial lockdown due to the rising COVID cases in India. Post opening, we witnessed a follow-up sell-off to drag index below 14250 mark. In the next three trading sessions, the benchmark index recovered to almost reclaim 14700. Eventually, due to some profit booking in last half an hour of trade on Friday, we concluded the week one and a half percent lower and slightly above 14600 mark. Throughout the week, except for some build-up on Friday; the overall open interest activity in Nifty remained muted. In case of BankNifty, we saw some long unwinding on WOW basis. Stronger hand added mixed positions; but, majority of them were on long side. Hence, the 'Long Short Ratio' has jumped up from 58% to 61%. At current juncture, 14600-14700 levels remains the study hurdle and until we sustain above same one should avoid any bullish bets.

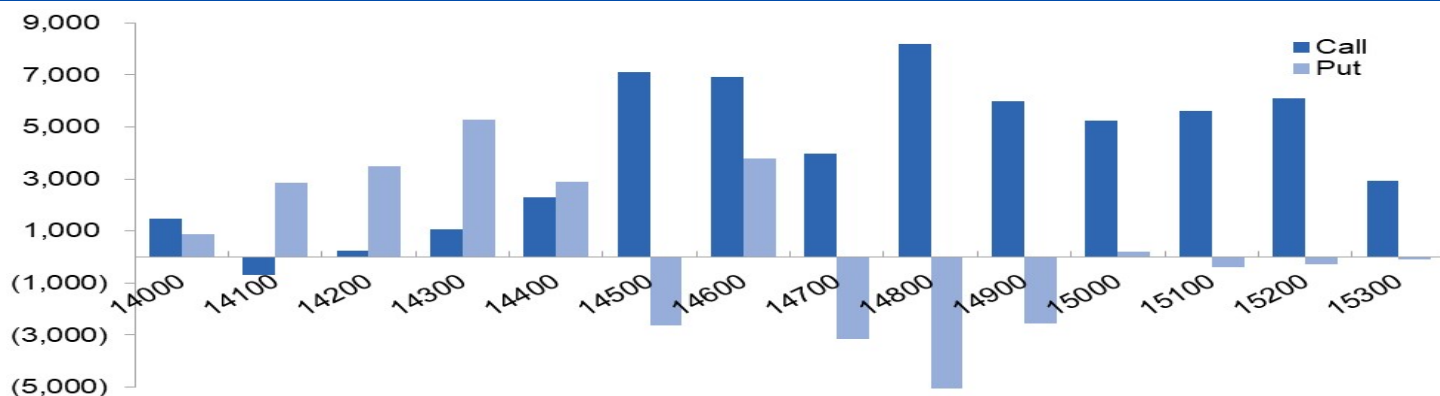
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
WIPRO	347250	79.92	3149.70	15.67
CADILAH	9234500	48.76	533.30	9.59
CIPLA	175650	30.06	31794.10	5.71
GLENMARK	11948200	17.66	517.35	16.17
DRREDDY	7488500	15.74	1086.05	5.25

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
LALPATHLAB	4365000	85.11	821.40	(5.34)
MINDTREE	1417500	34.11	1114.10	(10.93)
SRTRANSFIN	1991858	25.29	1149.00	(7.60)
EICHERMOT	11650000	17.14	224.50	(5.59)
BIOCON	21132000	15.27	209.20	(4.95)

Weekly change in OI



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