

Nifty beyond 17000 as global uncertainty starts to disappear

Sensex (57864) / Nifty (17287)



Source: Tradingview.com

Future outlook

Previous week's smart recovery was followed by a positive start on Monday. We managed to extend gains towards **16900** on the same day itself. However, due to some nervousness at higher levels, we witnessed a sharp profit booking on the subsequent day to snap all gains. Fortunately it was merely a reality check which didn't last too long. In fact, the geopolitical concerns with respect to Russia and Ukraine started to fade away, which uplifted the overall sentiments. Due to two back to back bump up sessions, Nifty eventually went on to close convincingly beyond **17000** as the bulls pocketed almost 4% gains this week.

Despite being a truncated week, it was not at all short of action by any means. The bulls took it from where they left last week and in fact as the global uncertainty kept easing off, markets reacted strongly in the upward direction to compensate for all the bashing they had couple of weeks back. If we refer to our recent commentaries, we fortunately started participating in the journey just at the right time and this week too managed to ride it successfully. Technically, the way 'RSI-Smoothened' was placed last week, it was clearly an indication of continuation of the upward trajectory. Now with Thursday's spectacular move, bulls have conquered the sturdy wall of **16800 – 17000**, which now should act as an immediate support for the index. On the flipside, **17500** followed by **17650** are the next levels to watch out for. But in our sense, the index may not have the similar sort of swift move that we witnessed in last 5 – 6 trading sessions. We may see some consolidation or in between small bout of profit booking in the forthcoming week.

However we strongly believe that the stock specific adjustments are likely to continue and hence the pragmatic approach would be to keep focusing on thematic plays and importantly identifying the potential movers within the same is the key. Also, the banking index plays a vital role going ahead as its approaching its crucial juncture of **36700 – 37000**. Let's see how this high beta index behaves in the first half of the week. Since the Russia-Ukraine war is yet to completely come to an end, it would be important to keep a regular tab of this development as well.

FII's turned net buyers after a month

Nifty spot closed at **17287.05** this week, against a close of **16630.45** last week. The Put-Call Ratio has increased from **1.03** to **1.11**. The annualized Cost of Carry is positive at **0.28%**. The Open Interest of Nifty Futures decreased by **6.76%**.

Derivatives View

Nifty current month future closed with a premium of 35 points against a premium of 17.30 points to its spot. Next month future is trading at a premium of 83.30 points.

We had a cheerful start for the week, the benchmark index marched beyond the strong hurdle around 16800 on Monday and even managed to close above same. On the following day, some profit booking was observed but index resumed its upmove on Wednesday to almost touch 17000. On Friday, we once again had a head start above 17200 and the momentum accelerated to rally beyond 17300. Taking a glance at the F&O data, we observed mixed activity during the week. On a net basis, open interest reduction was observed in both the indices. Surprisingly, stronger hands turned net buyers in equities (in last two trading sessions) after quite sometime. They also exited shorts and added bullish bets in index as well as stock futures. In options segment, the pile up is clearly visible in 17000 – 17300 Put strikes, which is again an encouraging sign. Considering recent development, we remain upbeat on market and expect follow-up move towards 17400 – 17500.

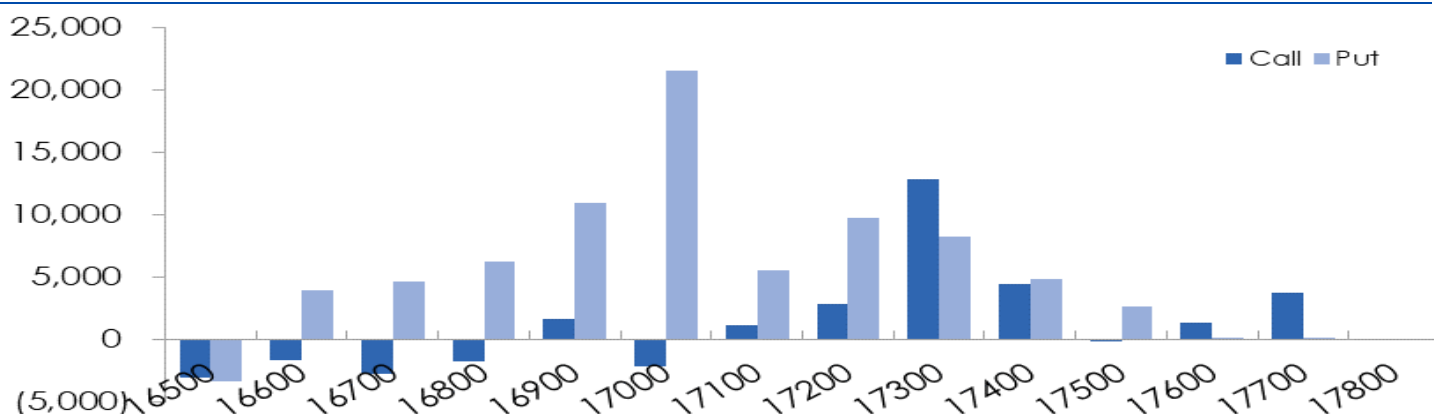
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
DALBHARAT	1008500	65.19	1463.60	2.01
WHIRLPOOL	1035500	59.92	1653.05	4.63
NAM-INDIA	3585600	49.60	338.55	8.27
RAMCOCEM	3160300	30.92	762.60	3.13
BOSCHLTD	200750	24.88	14606.05	2.32

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
GUJGASLTD	4210000	35.86	506.80	(1.08)
GSPL	2769300	29.49	261.45	(2.57)
CUB	12549400	29.37	121.15	(2.14)
PFIZER	131000	27.65	4405.80	(2.00)
LTTS	650800	26.57	4749.30	(4.30)

Weekly change in OI



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