

All's well that ends well, Nifty back above 16200

Sensex (54326) / Nifty (16266)



Source: Tradingview.com

Future outlook

We started the proceedings on Monday on a positive note despite sluggish global cues. In the initial hour, the gains extended to move towards the **16000** mark. Similar to recent trend, the profit booking took place at higher levels to erase all gains around the midsession. Although market recovered slightly thereafter, the overall movement was quite choppy to conclude the day around **15850** with nearly four tenths of a percent gains. This was followed by a massive relief move on Tuesday, which extended towards **16400** on the subsequent day. However, the global weakness struck back once again on weekly expiry session with huge gap down to retest **15800**. Market was not done with its twists as Friday's session opened with yet another gap; but this time it was fortunately on the higher side. This pleasant surprise picked up its momentum as the day progressed, to conclude the week convincingly above the **16200** mark.

The second half of the week gone by was full of dramatic twists and turns. Both counterparties were caught napping in all this but as we mostly say 'All's well that ends well'. Eventually the bulls turned out to be victorious as they managed to pull the Nifty back inside the safe terrain by gaining over 3% from previous weekly close. With reference to our previous week's commentary, **15700 – 15600** stands to be a very solid support; because it coincides with the '89-EMA' on weekly chart who has proved its mettle many times over the past many years. Yes, we are not completely out of the woods but at least we are well above the crucial support zone. On the flipside, the cluster of resistance is placed around **16400 – 16500 – 16600** and till the time we do not surpass it convincingly, one should avoid being complacent. At this juncture, we are clearly mirroring US markets' sentiments and hence, if market has to move higher, the global relief is the key.

Let's see how things pan out next week. It would be important to keep a regular tab on global developments and one should certainly be prepared for surprising moves on either side. As far as sectoral participation is concerned, we witnessed some decent relief moves in most of the beaten heavyweight spaces this week. Also, the broader market has started to show some encouraging signs, which we believe should do extremely well if market remains above the psychological support of 16000.

The roller coaster week ended with an encouraging F&O data

Nifty spot closed at **16,266.15** this week, against a close of **15782.15** last week. The Put-Call Ratio has increased from **0.73** to **1.07**. The annualized Cost of Carry is negative at **4.82%**. The Open Interest of Nifty Futures decreased by **4.00%**.

Derivatives View

Nifty current month's future closed with a discount of 12.90 points against a premium of 4.45 points to its spot. Next month's future is trading at a discount of 16.30 points.

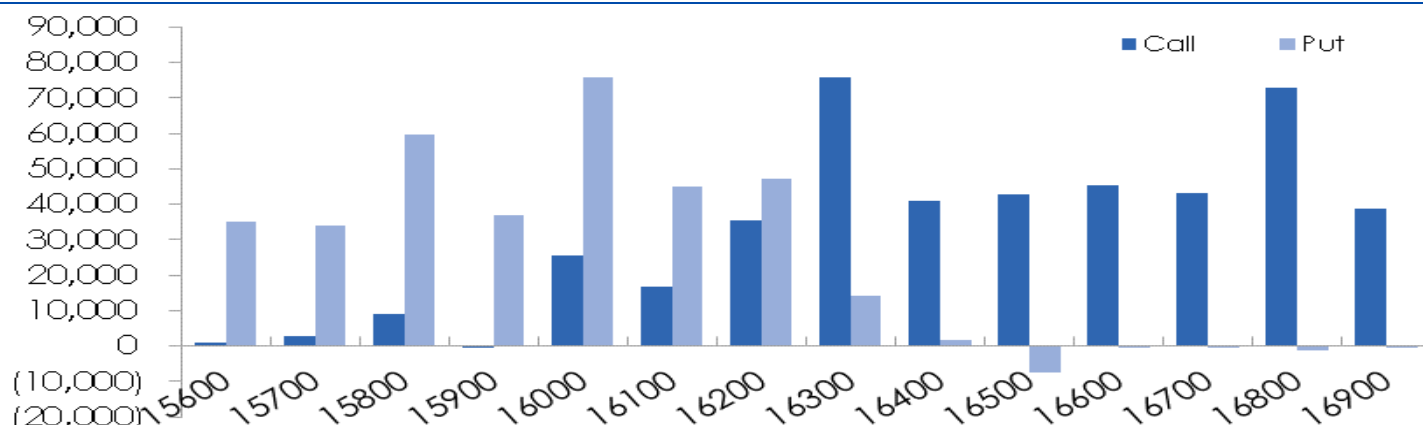
It has been a roller coaster ride for the equity market as we tested the previous week's lows as well as the highs and fortunately recouped all the losses of the last weekly candle. Even the phenomenon of selling spree came to a halt with the positive weekly closure. However, the rally was mainly due to short covering as the stronger hand continued to curb liquidity from the equity market but preferred covering their shorts in the index futures segment on Friday. On the options front, a pile-up is seen at 16000 put strike, indicating strong near-term support. While on the higher end, 16300-16500 call strikes have seen some fresh addition. Meanwhile, the long-short ratio of FII has seen an increase from 23% to 39% on a weekly basis, that have bolstered the bullish sentiments. The data signifies an encouraging sign, though it is advisable to avoid being complacent and stay watchful with daily developments in both domestic and global markets.

Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
ABFRL	14060800	27.91	271.05	2.69
COROMANDEL	1471700	27.35	931.60	5.59
TVSMOTOR	8922200	21.90	686.70	8.36
CHOLAFIN	10117500	20.99	645.60	2.36
EICHERMOT	3886050	20.68	2704.05	10.96

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
HONAUT	16665	62.43	31512.85	(7.37)
LALPATHLAB	1383625	60.63	1956.25	(12.45)
METROPOLIS	601700	59.77	1748.80	(11.28)
HINDPETRO	16100100	38.51	244.55	(5.21)
HDFCAMC	5437100	36.53	1710.55	(3.32)

Weekly change in OI



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