

8900-9000 becomes a crucial support now

Sensex (31327) / Nifty (9154)

NSE:NIFTY, 1D 9154.40 ▼ -159.50 (-1.71%) O:9163.90 H:9296.90 L:9141.30 C:9154.40



TradingView

Source: Trading View

Future outlook

During the week, we witnessed swings on both sides as market clearly looked clueless. Importantly, the overall trading range has shrunk drastically, which is a sign of consolidation. The similar sort of action was seen across the globe as well and hence, with lack of major triggers, the Nifty eventually concluded the week with more than a percent cut.

Clearly, the market is trapped in a slender range and this week it vacillated within 450-500 points, which is well below its recent average. Of course, the INDIA VIX which was at 12-year high towards the end of the March, has cooled off considerably to enter sub-40 mark. Now, if we meticulously observe the daily chart, the Nifty is gyrating within the boundaries of a 'Rising Wedge' pattern and we are approaching the 'Apex' point now. So theoretically, we are likely to see a breakout happening soon (probably in 2-3 sessions) from the consolidation. As of now, we are hoping for the breakout to happen in upward direction (above 9400), which would then propel the rally towards 9500-9700 levels.

However this is just an assumption as of now and hence, if Nifty breaks lower before surpassing the upper boundary, traders should exit longs and then get ready for some correction in the market. Therefore, 9400 on the higher side and 8900 on the lower side are the levels to watch out for. At present, it's advisable to keep a note of above mentioned scenarios and should ideally adopt a stock centric approach.

Shorts in Bank Nifty leads to underperformance

Nifty spot closed at **9154.40** this week, against a close of **9266.75** last week. The Put-Call Ratio has decreased from **1.38** to **1.34**. The annualized Cost of Carry is negative at **10.73%**. The Open Interest of Nifty Futures has decreased by **1.36%**.

Derivatives View

Nifty current month future closed with a discount of **16.15** points against a premium of **44.55** points to its spot. Next month future is trading with a premium of **9.40** points.

As far as Nifty options activities for the week are concerned, we witnessed some open interest addition in 9300-9500 call options whereas 9000 put options too witnessed decent amount of fresh open interest addition. Maximum open interest for the monthly series now stands at 9500 call option and 9000 put option.

During the week, the Nifty oscillated within the range of 8900-9400. No significant open interest addition was seen in Nifty index but Bank Nifty futures witnessed about 17 percent rise in open interest which were short positions. Hence, Bank Nifty index underperformed during the week. FIIs added some short positions in index futures during the week. According to the options data, 9000-9500 is the immediate trading range as good amount of open interest is seen in these strikes. A breakout beyond this range could lead to a directional move in the direction of the breakout.

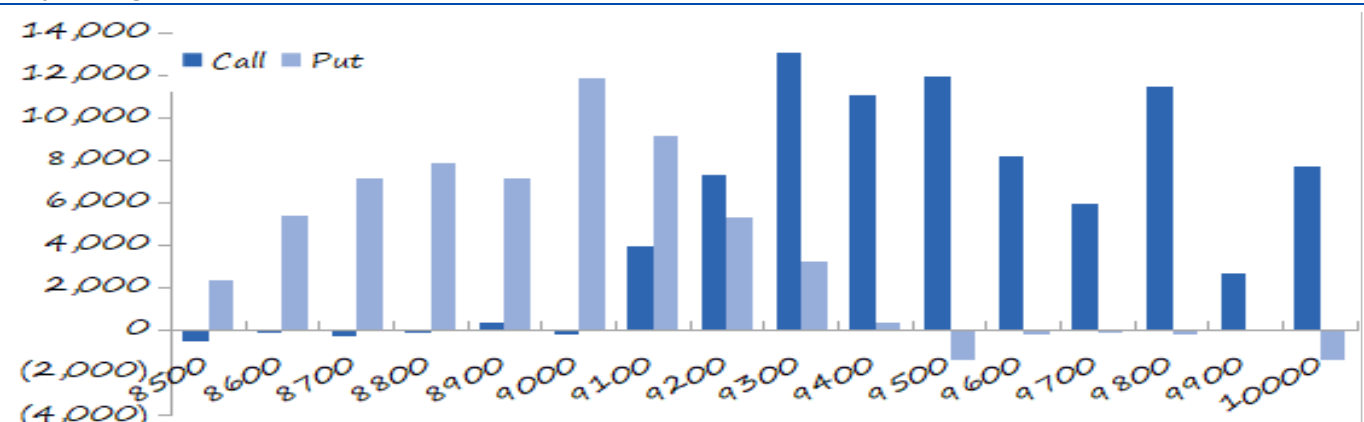
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
BEL	24690000	50.57	74.70	4.04
GLENMARK	4205600	35.25	345.25	9.14
AUROPHARMA	10666000	29.61	625.35	14.61
COLPAL	2109100	23.18	1487.55	7.61
BRITANNIA	1475400	23.18	3003.00	5.59

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
UJJIVAN	4440400	86.97	163.05	(14.12)
TATASTEEL	21385500	53.02	265.95	(9.82)
L&TFH	35352800	35.82	55.50	(13.95)
CENTURYTEX	2391600	34.07	284.25	(18.61)
RBLBANK	27454500	31.70	107.35	(16.69)

Weekly change in OI



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