

Market takes a breather after recent smart recovery

Sensex (57362) / Nifty (17153)



Source: Tradingview.com

Future outlook

We had a soft start to the new trading week on Monday as indicated by the sluggish global peers. Barring an initial hour, Nifty remained under pressure for the remaining part of the session as it kept grinding slowly and steadily. Due to lack of buying interest, the Nifty eventually ended the session with nearly a percent cut tad above the **17100** mark. This was followed by a V-shaped recovery on the following day to reclaim the **17300** mark. However, post the gap up opening on Wednesday, markets (key indices) started becoming a bit nervous and the similar sort of boredom was witnessed throughout the latter half to conclude the week with less than a percent cut tab above the **17150** mark.

In the previous couple of weeks, our markets have already weathered the storm and managed to give a remarkable recovery of nearly 10% in such a short span. So some sort of respite was very much on cards and this is what we had mentioned in our previous weekly commentary that the market may not have the similar kind of strength/pace that it had in the previous weeks. Whenever market struggles around key levels, it generally happens in two scenarios. Firstly, when market is sensing some unpleasant event or when it gives a sharp up move in a quick succession and needs some breather before resuming higher. Although, we are not completely out of the woods if we take Russia-Ukraine tensions into the consideration, charitically we cannot think of the first scenario at this moment. This week's price behavior aptly suits with the second scenario which in technical terms can be described as a 'Time-wise Correction'. Let's see how things unfold and if there is no aberration globally, we are most likely to hold the sacrosanct support zone of **17000 – 16900**.

The first half of the forthcoming week would certainly give us the fair idea of the short term direction. Till then **17350 – 17450** are to be considered as immediate hurdles. This week, IT, Reliance, Metal and to some extent Pharma counters provided the helping hand; but banking kept sulking in the latter half. Since banking index has approached its key support zone, we hope it to take some charge from hereon. Apart from this, the broader market did extremely well this week and we expect it to continue in coming week as well. Hence traders can look to identify such potential themes to fetch higher returns.

Market took a breather, post an epic run

Nifty spot closed at **17194.05** this week, against a close of **17287.05** last week. The Put-Call Ratio has decreased from **1.24** to **0.94**. The annualized Cost of Carry is positive at **14.56%**. The Open Interest of Nifty Futures decreased by **2.92%**.

Derivatives View

Nifty current month future closed with a premium of 41.05 points against a premium of 35 points to its spot. Next month future is trading at a premium of 88.05 points.

The Indian equity market has witnessed a slender range-bound movement in the entire week, wherein the benchmark index Nifty50 settled with a mere cut of 0.78 percent, a tad above 17150 levels. The prevailing congestion phase depicts the tentativeness among the market participants as any surge towards 17450-17500 has acted as a profit booking zone. However, the undertone of the market is likely to remain bullish till the sheet anchor of the 17000 mark is sustained in the index. 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 indices. Surprisingly, stronger hands turned net buyers in equities, though with irregularities but relief from relentless sell-off. In the options segment, the pile-up is clearly visible in 17000 Put strikes, which is again an encouraging sign. Considering recent development, we remain upbeat on market and expect a follow-up move towards 17450 – 17500.

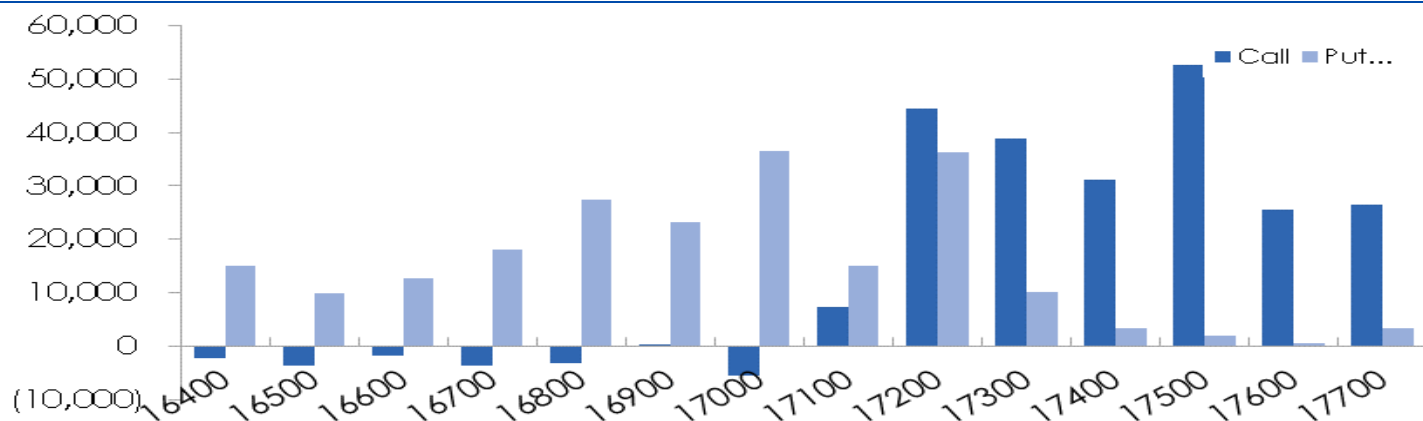
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
INTELLECT	1249500	72.82	861.80	11.84
INDHOTEL	26219418	47.52	228.00	9.01
CUMMINSIND	2257800	39.99	1088.10	6.12
BSOFT	4482400	29.48	465.70	4.66
ATUL	154275	27.53	10063.55	3.23

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
KOTAKBANK	19414800	46.24	1720.65	(5.53)
IDFCFIRSTB	223864800	44.51	39.90	(6.56)
COROMANDEL	1285625	36.77	795.15	(6.77)
GUJGASLTD	5682500	34.98	493.05	(2.71)
DIXON	712000	33.55	4267.80	(4.28)

Weekly change in OI



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