

Nifty breaching 17000 merely a formality now

Sensex (57107) / Nifty (17026)



Source: Tradingview.com

Future outlook

On Monday, the SGX Nifty was indicating a pleasant start for the week in line with cheerful global bourses. However, we did not open with the same positivity and in fact gave up all gains in the initial trades itself. As the day progressed, the selling augmented across the broader market to break all intermediate supports one after another. On Tuesday, after forming a low around **17200**, oversold markets recovered a bit over the course of three sessions. However, on Friday, the new variant of coronavirus haunted market participants across the globe and as a result, we had a massive gap down followed by aggrandised selling throughout the session to close tad above the **17000** mark.

This week's sharp correction has clearly validated our recent cautious stance on the market. Considering the 'Shooting Star' on the monthly chart, we anticipated a formation of bearish 'Head and Shoulder' pattern on daily chart. The said pattern finally got confirmed on Monday after breaking the neckline level of **17700**. The moment our anticipation turned into reality, there was no ambiguity left. Although our initial target of **17200-17000** has been met, market is not done with its correction yet. Considering the weekly chart, we will not be surprised to see it extending towards **16500 - 16200** in coming days. We do not want to sound too pessimistic, but this is what the price structure looks like at this moment. On the flip side, **17200 - 17400** are to be seen as immediate hurdles.

With a slightly broader view, if Nifty has to regain any strength, it needs to surpass **17700** with some authority. Honestly this looks highly unlikely at current juncture as we expect lower levels to get tested first. The broader market too seem to have succumbed to this selling pressure and hence, one should not be in a hurry to do any kind of bottom fishing immediately.

Call writer forming strong grip on market

Nifty spot closed at **17026.45** this week, against a close of **17764.80** last week. The Put-Call Ratio has decreased from **0.78** to **0.73**. The annualized Cost of Carry is positive at **1.62%**. The Open Interest of Nifty Futures decreased by **5.20%**.

Derivatives View

Nifty current month future closed with a premium of 25.70 points against a premium of 86.30 points to its spot. Next month future is trading at a premium of 92.60 points.

It was indeed a volatile week for our market, as we witnessed decent selling pressure to touch 17200 on Tuesday. Around this zone, buying interest was also observed to reclaim 17600. Market wasn't done yet as the Nifty attracted fresh selling at higher levels to drag towards the psychological mark of 17000. In F&O space, we continue seeing fresh shorting in both the indices; especially the banking index which added 22% on Friday. In options front, call writers continue adding massive positions in 17200-17500. At the same time, some build-up was also seen in 17000-17200 put strikes. Rollover in Nifty and BankNifty was above the three months average; which clearly hints positions formed in the recent fall are still intact. Considering the shorts in the system, we would maintain our recent cautious stance on market.

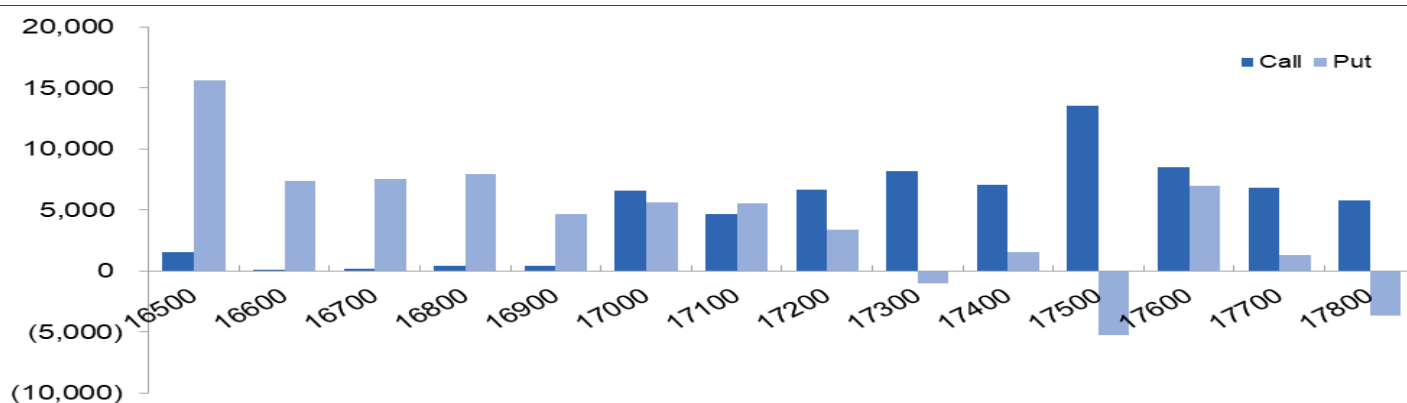
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
IBULHSGFIN	55989100	53.10	247.10	14.19
ZEEL	81663000	5.72	344.15	9.64

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
AMBUJACEM	14157000	15.85	373.20	(7.01)
INDUSINDBK	24702300	14.32	905.15	(10.42)
MARUTI	2884400	13.29	7189.80	(11.57)
RECLTD	53760000	12.92	129.40	(4.89)
HINDALCO	31087925	12.74	418.45	(5.18)

Weekly change in OI



Technical and Derivatives Team:

Sameet Chavan	Chief Analyst – Technical & Derivatives	sameet.chavan@angelone.in
Rajesh Bhosale	Technical Analyst	rajesh.bhosle@angelone.in
Sneha Seth	Derivatives Analyst	sneha.seth@angelone.in

Research Team Tel: 022 - 39357600 (Extn – 6844)

Website: www.angelone.inFor Technical QueriesE-mail: technicalresearch-cso@angelbroking.comFor Derivative QueriesE-mail: derivatives.desk@angelbroking.com**DISCLAIMER**

Angel Broking Limited (hereinafter referred to as "Angel") is a registered Member of National Stock Exchange of India Limited, Bombay Stock Exchange Limited and Metropolitan Stock Exchange Limited. It is also registered as a Depository Participant with CDSL and Portfolio Manager and Investment Adviser with SEBI. It also has registration with AMFI as a Mutual Fund Distributor. Angel Broking Limited is a registered entity with SEBI for Research Analyst in terms of SEBI (Research Analyst) Regulations, 2014 vide registration number INH000000164. Angel or its associates has not been debarred/ suspended by SEBI or any other regulatory authority for accessing /dealing in securities Market. Angel or its associates/analyst has not received any compensation / managed or co-managed public offering of securities of the company covered by Analyst during the past twelve months.

This document is solely for the personal information of the recipient, and must not be singularly used as the basis of any investment decision. Nothing in this document should be construed as investment or financial advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in the securities of the companies referred to in this document (including the merits and risks involved), and should consult their own advisors to determine the merits and risks of such an investment.

Reports based on technical and derivative analysis center on studying charts of a stock's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamentals. Investors are advised to refer the Fundamental and Technical Research Reports available on our website to evaluate the contrary view, if any.

The information in this document has been printed on the basis of publicly available information, internal data and other reliable sources believed to be true, but we do not represent that it is accurate or complete and it should not be relied on as such, as this document is for general guidance only. Angel Broking Limited or any of its affiliates/ group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. Angel Broking Limited has not independently verified all the information contained within this document. Accordingly, we cannot testify, nor make any representation or warranty, express or implied, to the accuracy, contents or data contained within this document. While Angel Broking Limited endeavors to update on a reasonable basis the information discussed in this material, there may be regulatory, compliance, or other reasons that prevent us from doing so.

This document is being supplied to you solely for your information, and its contents, information or data may not be reproduced, redistributed or passed on, directly or indirectly.

Neither Angel Broking Limited, nor its directors, employees or affiliates shall be liable for any loss or damage that may arise from or in connection with the use of this information.