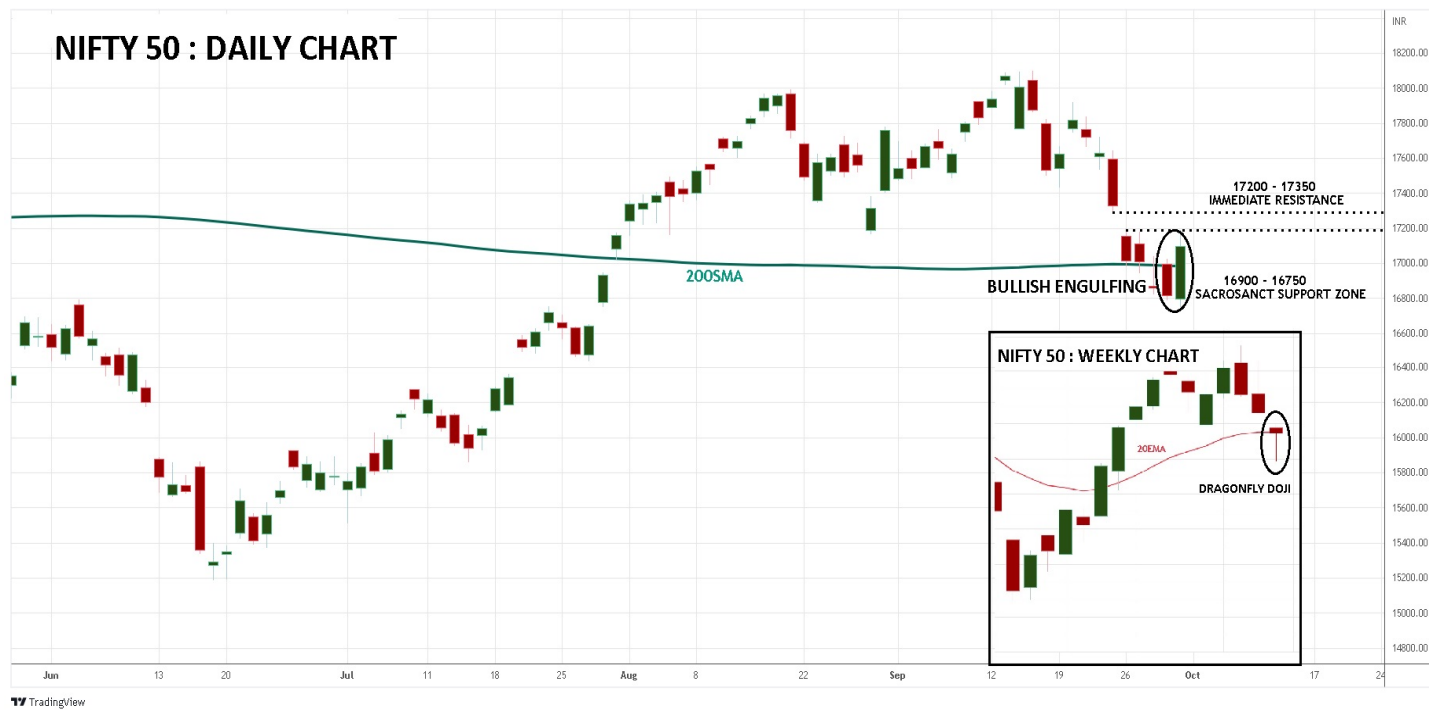


All's well that ends well, Nifty reclaims 17000

Sensex (57427) / Nifty (17094)



Source: Tradingview.com

Future outlook

Over the weekend, global markets felt a tremor after US Dollar Index surpassing alarming levels which obviously has a negative correlation with equity markets. We started the week with a decent downside gap on Monday amid global weakness. As the day progressed, the selling augmented across the broader market to test the psychological level of **17000**. On the following session, markets had a positive start which eventually got sold into. In fact, around the mid-week, the Nifty finally sneaked below **17000** to even enter sub-**16800** territory. On Friday, market had a litmus test ahead of the RBI Monetary policy as the Nifty was placed slightly below key support of **16800**. Market participants were hoping for some aid from this event and RBI Governor did not disappoint this time as we not only witnessed a V-shaped recovery post the policy; but also went on to reclaim **17000** with some authority.

With Friday's smart rally, Nifty almost engulfed entire week's traded down move and hence, restricted the weekly losses tad above a percent. Markets were extremely oversold, but they were reluctant to rebound as global weakness persisted throughout the week. Post the RBI Monetary policy, we have managed to reverse precisely from a key support zone and if global markets support, we may see this relief getting extended in the coming week as well. Technically speaking, the daily time frame exhibits a 'Bullish Engulfing' pattern and on weekly chart, 'Dragonfly Doji' is clearly visible. Importantly, Nifty managed to defend the '20-EMA' (on a closing basis) on weekly chart, which is an indication of some strength. Going forward, a move beyond **17200** on a closing basis would strengthen the recovery rally. In this case, **17350 – 17500** levels cannot be ruled out. On the flipside, **16900 – 16750** has now become a sacrosanct support zone for the bulls. We advise traders to keep a close tab on global developments and any favorable cues on this front would certainly provide the much-needed push for our domestic markets. Till the time important levels are not reclaimed, it's better to stay positive but adopt one step at a time approach. Also, in case of an extended rebound, one can keep focusing on recent beaten down heavyweight spaces like, Financials and Auto, that are likely to give a sustainable relief.

Volatility to persist, LSR plunged to 16%

Nifty spot closed at **17094.35** this week, against a close of **17327.35** last week. The Put-Call Ratio has increased from **0.76** to **1.22**. The annualized Cost of Carry is positive at **0.70%**. The Open Interest of Nifty Futures decreased by **7.63%**.

Derivatives View

Nifty current month's future closed with a premium of 8.85 against a premium of 8.50 points to its spot in the previous week. Next month's future is trading at a premium of 57.35 points.

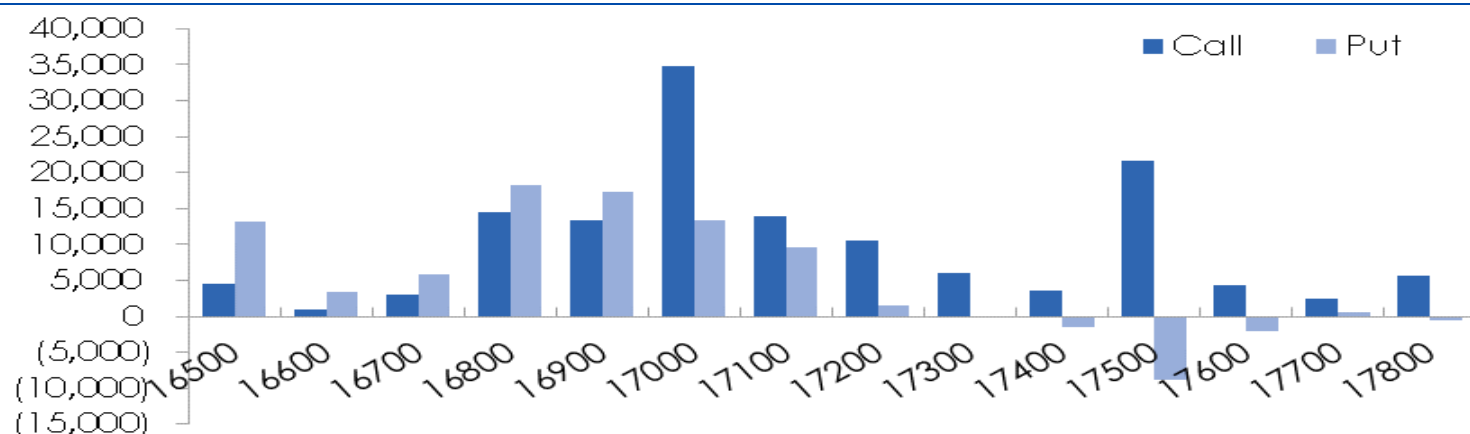
The Indian equity market has seen a roller coaster week once again, wherein the benchmark index started with a decent gap down and witnessed a sell-off throughout the week until the last trading session that almost engulfed the entire week's traded-down move. There have been mixed positions in the F&O space throughout the week, but on a net basis, shorts were added. Even the rollover in Nifty and BankNifty stood at 78% and 82%, respectively, which is slightly lower compared to the previous series. On the options front, piling up of positions is visible in the 16800-16700 put strikes, indicating it to be a strong demand zone. While on the higher end, 17200-17400 call strikes have seen piling up of positions, which hints at a broad range movement in the near period. The stronger hands have curbed their positions resulting in a plunging of the 'Long Short Ratio', to 15.79% from 20% WoW. Going ahead, it is advisable to keep a close tab on global developments and be very selective for the next couple of trading sessions.

Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
INDIACEM	15103200	23.91	271.85	7.05
DABUR	11046250	14.77	574.55	1.02
GODREJCP	6091000	9.53	914.90	2.77
TORNTPHARM	1657000	4.51	1565.65	3.08
SUNPHARMA	23284100	1.35	951.10	3.34

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
AXISBANK	47037600	21.02	735.45	(4.52)
BERGEPAINT	7477800	10.23	620.25	(2.37)
HDFC	17947800	9.90	2299.60	(2.35)
MCDOWELL-N	19779375	7.95	847.20	(2.74)
CANFINHOME	6427200	7.73	482.80	(6.61)

Weekly change in OI



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