

Nifty close to 10000, but eyes on geopolitical concerns

Sensex (33718) / Nifty (9860)

NSE:NIFTY, 1D 9859.90 ▲ +306.55 (+3.21%) O:9753.50 H:9889.05 L:9731.50 C:9859.90



TradingView

Source: Trading View

Future outlook

Since the last week of March, our markets have somehow managed to stabilise from recent mayhem and then gave some decent recovery thereafter. Until Tuesday's session, Nifty was struggling to surpass the **9400** mark. But due to strong buying momentum in last couple of sessions, the Nifty finally broke out from this sturdy wall and went on to close convincingly above **9800** mark.

The March month was one of the worst months for our markets in history ever, but fortunately, this was followed by a stupendous April month during which we managed recoup 50% of the damage done in March. Mainly it was a broad based rally and some of the laggard spaces like Financials and Auto contributed heavily, which provided credence to the move. Looking at the overall set up by taking Thursday's close, the Nifty is very much poised for an extended move towards **10200-10400**, which would be seen as a strong hurdle for the market. Traders should start lightening up positions in the mentioned zone and then wait for further signals. But before this, there is an important development happened on a global front over the past couple of days, which cannot be overlooked.

The US President Donald Trump has threatened China to impose new tariffs, which could lead to a resumption of trade war. Hence, market participants across the globe looked intimidated, resulting into a sharp decline across the globe. The SGX Nifty too reacted negatively to this development and is showing a massive cut. On Monday, we need to see how our market actually reacts to it and if they open in line with SGX Nifty, **9300** and **9100** would be seen as crucial supports. If we fail to hold them, this would apply brakes on recent optimism and in this case, we will have to revisit our view. However, if our markets doesn't react to the tune of SGX Nifty and shows some buying interest at lower levels, the above mentioned, bull case scenario remains valid. So all eyes would be on this global development, which would dictate the immediate path of action for our markets.

Stronger hands cover shorts as market rallies

Nifty spot closed at **9859.90** this week, against a close of **9154.40** last week. The Put-Call Ratio has increased from **1.34** to **1.89**. The annualized Cost of Carry is negative at **3.84%**. The Open Interest of Nifty Futures has decreased by **17.92%**.

Derivatives View

Nifty current month future closed with a discount of **29.05** points against a premium of **9.40** points to its spot. Next month future is trading with a discount of **22.45** points.

As far as Nifty options activities for the week are concerned, we witnessed additions in put options during the expiry week whereas call writers ran for cover as the market rallied. However, for the coming week, open interest data is scattered being the start of new monthly F&O series. Maximum open interest for the May monthly series now stands at 10000 call option and 9000 put option.

During the week, the Nifty rallied higher as we witnessed short covering along with fresh long formations in the expiry week. The rollover in Nifty is at 71.29 percent which is in line with 3-month average of 70.36 percent. The rollover in Bank Nifty is higher at 81.59 percent v/s 3-month average of 70.56 percent. FI's started April series with 'Long Short Ratio' in index futures at 29.63 percent. During the series they covered their positions and even formed fresh longs when the index moved up. Their 'Long Short Ratio' now stands at 64.42 percent and thus they have covered much of their shorts. The important supports for Nifty are placed around 9500 and 9200 levels whereas resistance is around 10000. Traders are advised to keep a tab on the market movement in the next few days of the new series which would provide a clear idea on the probable short term direction.

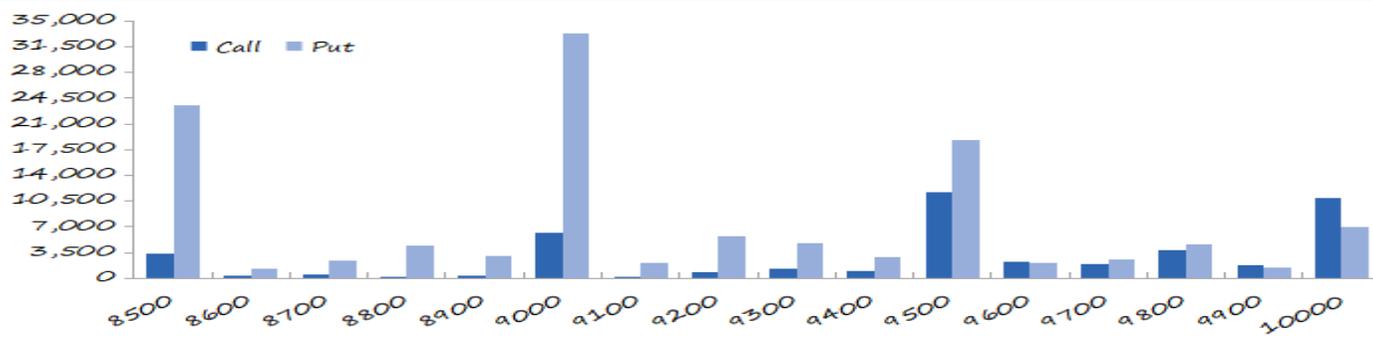
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
HINDPETRO	18954600	27.47	220.65	9.31
TECHM	15771600	10.58	546.45	8.54
BPCL	16815600	9.56	371.25	5.94
ULTRACEMCO	2207400	9.07	3536.40	6.84
INFY	49458000	7.75	717.85	9.05

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
CUMMINSIND	1205100	5.52	378.40	(1.50)
MARICO	11196900	4.05	287.35	(5.82)
HINDUNILVR	13071300	4.00	2198.65	(3.75)
TORNTPHARM	836500	3.53	2353.35	(3.40)
-	-	-	-	-

Weekly change in OI



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