

Strong recovery in Nifty, led by the rally in Banks

Sensex (59809) / Nifty (17594)



Source: Tradingview.com

Future outlook

Our market started the week on a bleak note taking cues from the weak global bourses, wherein the benchmark index tested the Budget day's swing low and dented market sentiments. Nifty struggled near the 200 SMA throughout the week until the last session, when a robust recovery was seen in the broader market space. Eventually, the week closed on a positive note, procuring 0.74 percent from its previous week's closure and Nifty settled a tad below the **17600** level.

The upsurge in the Adani group companies post the block deal has its rub of effect on the PSU Banks, eventually spreading the cheer in the broader market. From a technical perspective, the recent price action could be seen as constructive development for our markets as the index witnessed a modest recovery from the 200 SMA and made a strong closure on the daily time frame. As far as levels are concerned, **17500** is now likely to be seen as the immediate support zone, while the sacrosanct support lies around the **17350-17400** zone, coinciding with the 200 SMA. On the flip side, the bearish gap of **1770-17800** is expected to act as the sturdy hurdle for Nifty in a comparable period.

Going forward, we remain sanguine and would advise the traders to utilize the dips to add long position in the index. The participation from the high-beta Banking space has provided the much needed impetus and is likely to continue in the near term. Simultaneously, one should also keep a close tab on the Mid-cap space, which is expected to provide immense trading opportunities in the near period.

Short rollover for key indices

Nifty spot closed at **17594.35** this week, against a close of **17465.80** last week. The Put-Call Ratio has decreased from **0.878** to **1.17** on Weekly basis. The annualized Cost of Carry is positive at **6.16%**. The Open Interest of Nifty Futures increased by **7.14 %**.

Derivatives View

Nifty current month's future closed with a premium of 77.20 against a premium of 90.45 points to its spot in the previous week. Next month's future is trading at a premium of 175.95 points.

After recent sell-off finally we saw a sharp rally on Friday to conclude the week around 17600 mark. During the selling, we witnessed decent amount of shorts in key indices but on the final day of the week short covering was seen in Nifty and banking index added fresh longs. In options front, put writers added huge positions in 17400-17600 strikes, suggesting strong base formation around 17400-17500 now. On the other side, 17700-17900 call strikes added some fresh bets. Stronger hands have covered shorts, led 'Long Short Ratio' to surge to 23% from 18% WoW. The above data points hints, market has certainly bottom out and we may see extension of upmove in the festive week.

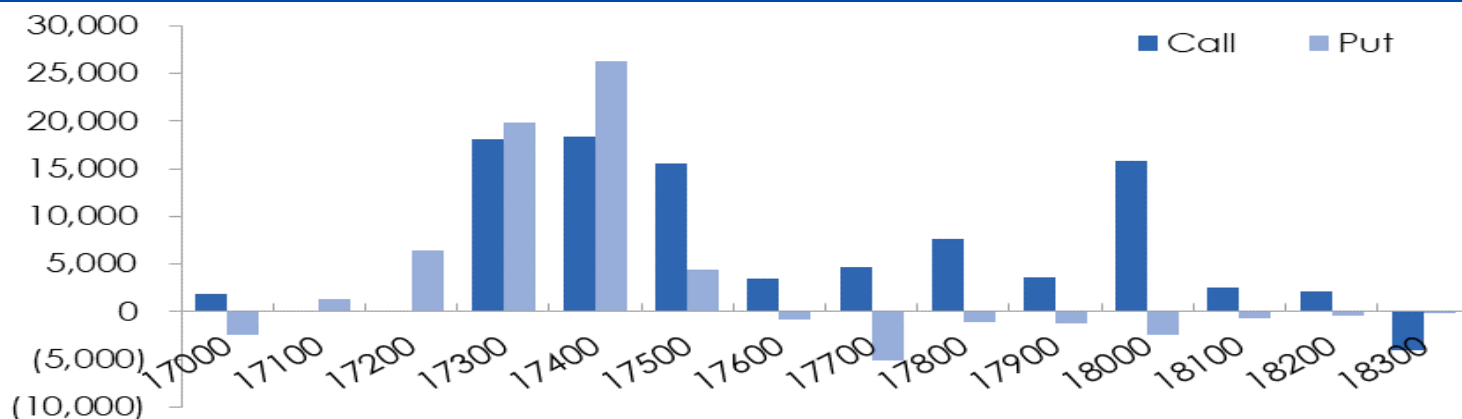
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
ADANIEN	16582250	20.23	1891.20	43.43
INDIAMART	318600	18.86	4894.00	4.74
TORNTPOWER	3687000	17.83	514.35	2.76
ABCAPITAL	34975800	15.31	155.70	9.00
ABB	1630750	15.25	3330.90	5.55

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
TATASTEEL	235460500	33.26	107.75	(2.36)
MPHASIS	2090000	29.91	2083.85	(5.50)
PEL	7553150	28.86	787.70	(1.54)
VEDL	39914000	24.46	291.10	(1.59)
HDFCAMC	3018600	19.70	1806.80	(1.25)

Weekly change in OI



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

Research Team Tel: 022 - 39357600

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

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