

Finally, some breather after a relentless run

Sensex (62182) / Nifty (18497)



Source: Tradingview.com

Future outlook

Our markets started the week on a flat note in absence of global as well as domestic triggers. As the week progressed, key indices continue to remain in a slumber phase. During the mid-week RBI monetary policy, it appeared as if the Governor dented the sentiments; but immediately on the next day, the banking space proved its significance as we saw BANKNIFTY clocking new highs towards the fag end of the week. On Friday, IT counters became the spoilsport by dragging Nifty below the **18500** mark. Fortunately, the tail end recovery pulled Nifty from lower levels to defend **18400** convincingly.

Finally, markets took a breather after recent relentless run. The Nifty shed slightly over a percent on a week-on-week basis. With couple of heavyweights imposing pressure on the last day of the week, Nifty was on the verge of a breakdown; but fortunately, bulls managed to defend their territory at the end. Now, taking a glance at the daily time frame chart, the Nifty is now placed slightly above the key support of '20-day EMA' which coincides with previous swing high of **18450**. Hence, we continue to remain upbeat as long as **18400 – 18300** is not violated on a closing basis. Until then, any intermediate decline should only be construed as a profit booking before resuming the upward trend. On the flipside, **18650 – 18700** are the levels to watch out for. The moment Nifty surpasses this, one should gear up for yet another milestone of **19000** in near future.

Traders are advised not to get carried away by such small declines. Rather it's better to focus more on thematic moves, especially from the broader end of the spectrum. The Nifty MIDCAP 50 index has given a precise pullback to its breakout point and hence, we will not be surprised to see more opportunities unfolding from this space.

PCR-OI hinting market is a bit oversold

Nifty spot closed at **18496.60** this week, against a close of **18696.10** last week. The Put-Call Ratio has decreased from **0.94** to **0.76** on Weekly basis. The annualized Cost of Carry is positive at **8.59%**. The Open Interest of Nifty Futures decreased by **1.91%**.

Derivatives View

Nifty current month's future closed with a premium of 87.05 against a premium of 116.45 points to its spot in the previous week. Next month's future is trading at a premium of 202.30 points.

Post previous week's splendid move, we witnessed some consolidation with some sharp profit taking on the final day of the week which drag index towards 18400. However, due to final hour surge we concluded the week slightly below 18500. During the week, Nifty witnessed some profit booking; whereas banking index outperformed and also added decent longs. The nearest piling up of positions is visible in the 18400-18500 put strike, indicating nearby support for Nifty. On the upside, decent stack of OI concentration is seen around 18600-18700 call strikes, signifying intermediate resistance. The PCR-OI has plunged to 0.76 signifying the market nearing the oversold region. Stronger hand turned net sellers this week and they also exited longs and added short resulting the 'Long Short Ratio' has further cooled off to 58% from 66%, on a weekly basis. The above data point doesn't indicate any sign of concern yet hence, we would advocate trader's to utilised intraday declines to add fresh longs in the system.

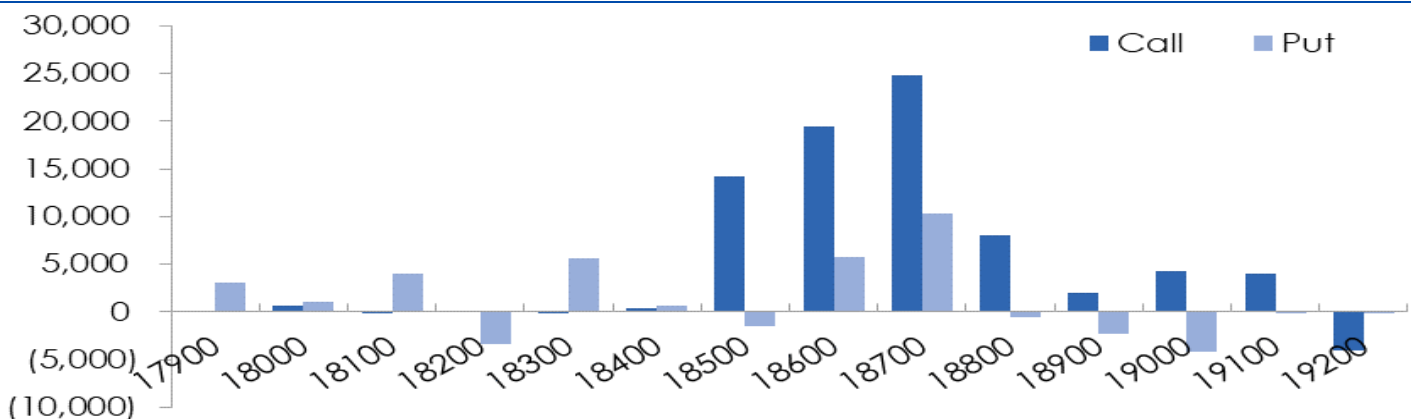
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
CUMMINSIND	2427600	53.49	1511.35	5.02
COLPAL	2608550	25.98	1666.55	2.13
AUBANK	8146000	15.22	678.10	4.24
ASTRAL	1562275	12.79	2075.20	1.99
PNB	251648000	11.94	56.65	4.23

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
NAVINFLUOR	447450	28.36	4390.55	(1.38)
CROMPTON	4705500	23.99	357.15	(3.53)
TATAMOTORS	72741975	22.23	415.35	(5.39)
PEL	6635750	21.90	851.85	(1.73)
KOTAKBANK	26762800	20.46	1901.85	(2.29)

Weekly change in OI



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