

17750 Once again proved its significance

Sensex (60261) / Nifty (17957)



Source: Tradingview.com

Future outlook

Our markets had a splendid start for the week owing to favorable developments in US markets over the weekend. At the close, Nifty did not disappoint as it reclaimed **18100** on a closing basis. Honestly, we expected the market to come out of its recent slumber phase; but once again, markets failed to sustain at higher levels. The nervousness crept up as the week progressed and, in the process, we gradually sneaked below the **18000** mark in fact, in last couple of sessions, we did challenge recent swing low of **17774**. Fortunately, the heavyweights came for a rescue at lower levels, resulting in a smart recovery to reclaim **17950** on a closing basis.

It was indeed a challenging week for the market participants as the trending moves were clearly missing. Nifty remained in a range and whenever it seemed a trend has established, the market would reverse in the opposite direction. We, however, remained glued to our stance and instead of swaying with the market moves we considered buying on the lower side of the range. On the weekly chart, we can see a 'DOJI' pattern that indicates uncertainty, and it seems market participants are waiting for some trigger for the next directional move. In our sense, the December month swing low around **17750** is acting as a fortress for the bulls and as long it holds; one should continue with the buy-on-dip approach. On the flip side, as the trading range is getting coiled, the resistance levels are shifting lower. On the hourly chart, we can see a trend line resistance around the **18000 – 18050** levels, and prices have ended just below the same. Going ahead a sustained trade beyond the same can trigger positive momentum in the coming week. The stiff hurdle remains around **18300** which once broken can resume the primary uptrend.

During the week, even though the benchmark was trapped in a range there were some pockets that showed strength and going ahead as well we advise traders to continue with the stock-centric approach as the individual themes may play out well ahead of budget.

Market remains indecisive, amidst the mixed F&O data

Nifty spot closed at **17956.60** this week, against a close of **17859.45** last week. The Put-Call Ratio has increased from **0.75** to **1.03** on Weekly basis. The annualized Cost of Carry is positive at **11.63%**. The Open Interest of Nifty Futures increased by **5.48%**.

Derivatives View

Nifty current month's future closed with a premium of 68.65 against a premium of 83.75 points to its spot in the previous week. Next month's future is trading at a premium of 141 points.

Our market witnessed a slender range-bound movement throughout the week, wherein the benchmark index kept hustling near the crucial support of the 17800-17750 odd zone for most of the trading sessions. In the F&O space, we observed mixed bets throughout the week, starting from short addition to covering. Amidst the hustle, the key indices concluded the week on a mere but positive note. The stronger hands continued their relentless selling spree in cash segments, but by the weekend, they curtailed shorts from the index futures resulting in a surge of the 'Long Short Ratio', which improved slightly to 43% from 41% on a weekly basis. However, the weekly closure construes indecisiveness in the market and till the trend does not get clear, we advocate to avoid aggressive bets and focus on a stock-specific approach.

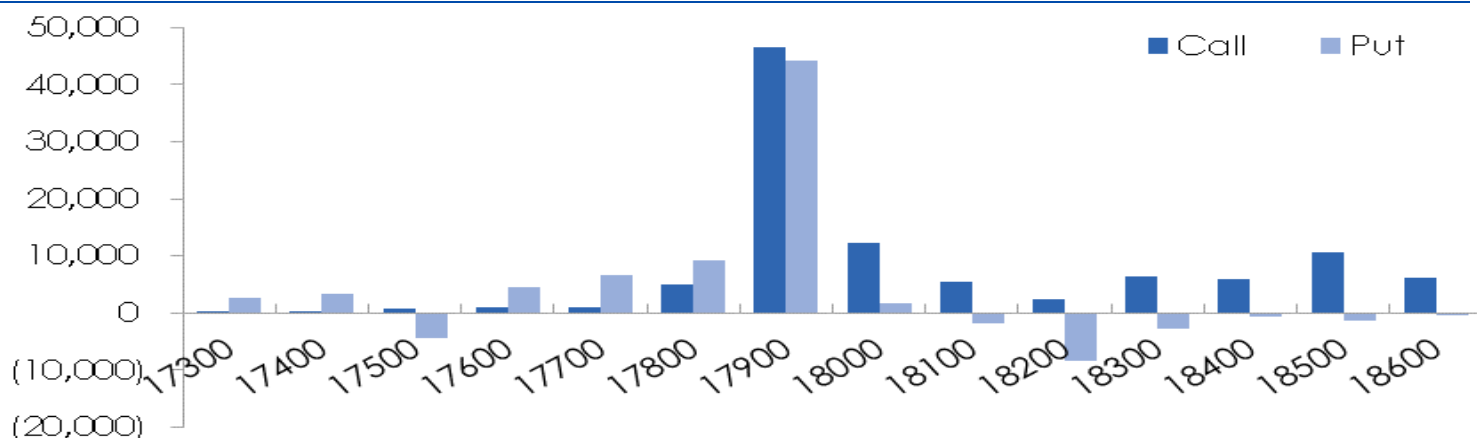
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
TATACOMM	2577000	27.01	1383.30	3.93
HINDCOPPER	23745600	20.22	127.20	9.28
PERSISTENT	577325	18.20	3991.30	4.18
RAIN	12677000	16.61	184.50	5.91
L&TFH	72882308	15.79	92.95	6.53

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
LTTS	1705600	53.24	3385.75	(5.77)
GUJGASLTD	6072500	34.24	449.60	(6.95)
DIXON	569875	23.32	3645.00	(4.60)
CUB	11580000	19.01	165.85	(5.50)
BHARTIARTL	46719100	16.67	767.85	(4.01)

Weekly change in OI



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