

Finally, some respite globally, 17000 – 16800 proved its mettle

Sensex (57920) / Nifty (17186)



Source: Tradingview.com

Future outlook

Last week, over the weekend, once again global sentiments dampened which resulted in a massive gap down opening on Monday. But fortunately, our markets managed to give V-shaped recovery to reclaim the **17200** mark at the close. On the subsequent session, the benchmark index Nifty failed to sustain at higher levels and due to immense selling in some of the heavyweight pockets, we finally surrendered **17000** on a closing basis. For the next couple of sessions, we did see some range bound action with key levels being held on either side. However, On Friday, our markets started the session with a huge bump up, courtesy to spectacular overnight rally in US bourses. Once again at higher levels, tentative traders chose to take some money off the table. This resulted in trimming some gains but despite this, Nifty managed to conclude the week tad below **17200** by restricting the weekly losses to merely seven tenths of a percent.

It was a bit challenging week as markets remained clueless for the most part of the week. In fact, on Friday when things started to look a bit rosy, the last hour profit booking reduced the excitement level among the market participants. Nevertheless, Nifty defending key support zone (cluster of 89-day EMA and 200-day SMA) amid an uncertainty, bodes well for the bulls. Going ahead, we will not be surprised to see global relief extending a bit, which will provide the much-needed impetus to stronger markets like us. As far as supports are concerned, **17000 – 16800** has proved its mettle and it continues to be a sacrosanct zone for the coming week as well. On the flipside, if we find tiny support also from the global peers, the Nifty is good to go beyond the study wall of **17400**. This will help us find our mojo back and, in this case, we would certainly gear up for a pre-Diwali rally in our market. Hopefully, our anticipation becomes the reality in the coming week as this will bring back the wider smile back in traders' fraternity. It's advisable to continue with an optimistic approach and ideally one should keep focusing on thematic movers which are likely to provide better trading opportunities.

FII's 'Long Short Ratio' improved to 23%

Nifty spot closed at **17185.70** this week, against a close of **17314.65** last week. The Put-Call Ratio has decreased from **0.97** to **0.91**. The annualized Cost of Carry is positive at **1.60%**. The Open Interest of Nifty Futures increased by **7.13%**

Derivatives View

Nifty current month's future closed with a premium of 9.80 against a premium of 14.20 points to its spot in the previous week. Next month's future is trading at a premium of 49.15 points.

It was a week of consolidation, as after a weak start our markets defended key support levels and backed by improved global cues bounced back on Friday. There was tentativeness at higher levels as Nifty eventually ended the week with a cut of 0.74% against the previous week close. In F&O space, fresh short formations are seen in Nifty whereas in Bank Nifty short covering was seen. Stronger hands continued with their selling streak in the cash segment but covered some of their shorts in the Index futures. Hence the FII's 'Long Short Ratio' has slightly improved from 20% to 23%. As per the option chain analysis, the highest build-up on the CALL side is seen at 18000 strike before that decent positions are also visible at 17500 strike. On the PUT side, we are not witnessing any major formation but 17000 remains a key support zone to watch. Considering no major significant change in data, we sense, the Index may continue to consolidate in a range and traders are advised to use dips to create long positions.

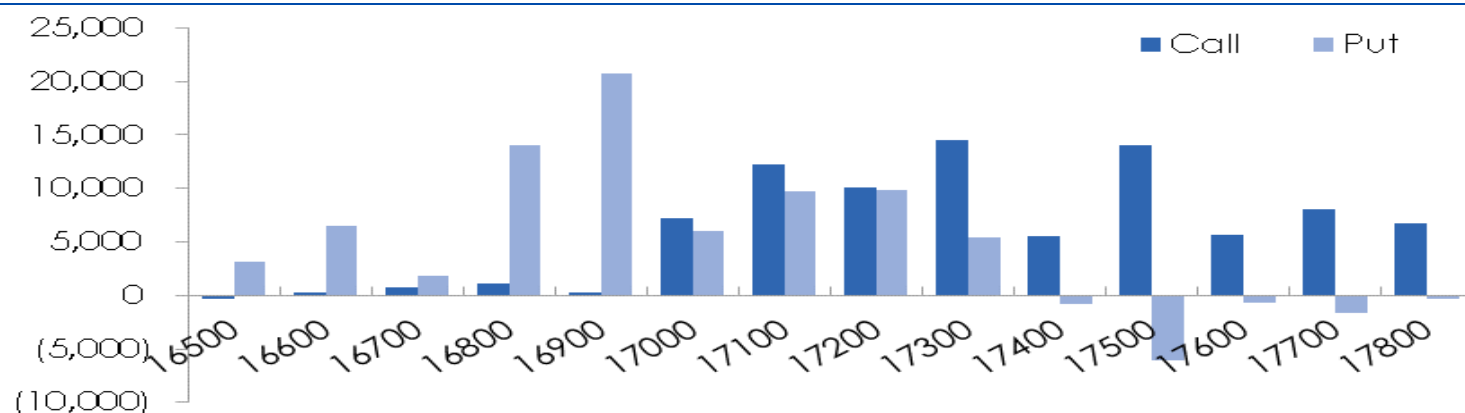
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
COFORGE	947850	40.48	3602.15	0.68
LTI	1432200	16.78	4687.30	1.29
HCLTECH	18768400	16.30	993.90	4.56
HDFCBANK	64342850	13.87	1444.10	0.48
FEDERALBNK	105080000	13.37	130.55	6.14

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
MFSL	2421900	62.49	714.55	(7.48)
CROMPTON	6180000	30.75	381.65	(3.72)
TATAMOTORS	83701650	26.81	395.85	(3.97)
INDIAMART	283050	26.39	4291.25	(3.14)
WIPRO	49339000	25.60	377.20	(7.79)

Weekly change in OI



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