

Global woes drag Nifty below 18350

Sensex (61338) / Nifty (18269)



Source: Tradingview.com

Future outlook

We had a nervous start for the week on Monday in line with not so favorable global cues. Nifty challenged **18400** in initial hours; but fortunately, it took a U-turn after testing the midpoint of **18400-18300** support range. The upward move continued for next couple of sessions to almost reclaim the **18700** mark. On Wednesday night, Fed announced a rate hike by 50 bps, which was in line with consensus; however, later, the Fed governor's commentary spooked market participants across the globe. This poured complete water on early week recovery.

The benchmark index Nifty has now sneaked below the key swing low of **18350** on a closing basis. Ideally looking at the price structure, the development does not augur well for the bulls. A close below this support opens the possibility of extended correction in the coming week. We may be biased, but we are still not convinced with this close. Only a follow through selling may lead to further weakness towards **18130 - 18000 - 17900** in coming sessions. Even if this scenario pans out, we do not expect the correction to aggravate below the lower end of this support range. The higher degree up trend remains intact as long as we manage to hold this. Since market was deeply overbought, we must consider this as a running correction. On the flipside, **18450 - 18600** are to be treated as immediate hurdles. If bulls have to regain their strength, **18450** needs to be surpassed with some authority, which will negate the breakdown from small 'Head and Shoulder' pattern on daily time frame chart.

Traders are advised to stay light for a while. Let either market complete its correction first or reclaim key levels on the upside to resume the bullish trend. First half of the forthcoming week would be quite crucial for our markets. Let's see how global market behaves and hopefully, there is no major aberration on the global front.

An intense week of trade; data suggests timidity

Nifty spot closed at **18269** this week, against a close of **18496.60** last week. The Put-Call Ratio has increased from **0.76** to **0.81** on Weekly basis. The annualized Cost of Carry is positive at **9.17%**. The Open Interest of Nifty Futures decreased by **2.67%**.

Derivatives View

Nifty current month's future closed with a premium of 59.65 against a premium of 87.05 points to its spot in the previous week. Next month's future is trading at a premium of 174.40 points.

The weakness in the global market post the Fed rate hike and the hawkish commentary has dampened the overall sentiments, mirroring to which our market witnessed a strong correction in the last two trading sessions. The benchmark index plunged below the critical support of 18350 and concluded the week on a negative note with a cut of over a percent. Looking at the derivative data, we have witnessed a mixed bag of trade throughout the week in both indices and both concluded the week with long unwinding. On options front, the piling up of positions is visible in the 18100-18000 put strikes, indicating a downward shift in the support base. On the flip side, decent stack of OI concentration is seen around 18400-18600 call strikes, signifying the immediate resistance for Nifty. Meanwhile, the stronger hands turned to net sellers this week as they exited longs and added short position, resulting in a plunge to the 'Long Short Ratio' that further cooled off to 55% from 58%, on a weekly basis.

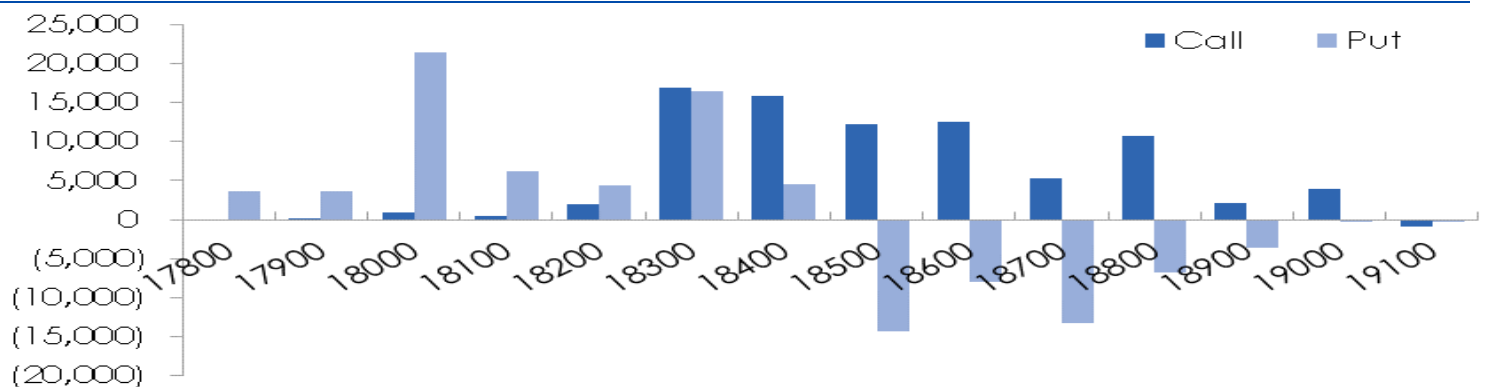
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
BALRAMCHIN	11185600	28.80	395.85	4.29
TATAMOTORS	82897950	13.96	420.25	1.18
IDEA	622160000	11.42	8.35	3.73
IBULHSGFIN	47780000	10.85	147.40	3.95
BALKRISIND	2078700	9.36	2114.60	2.28

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
METROPOLIS	1755000	74.59	1297.05	(9.16)
LALPATHLAB	1569750	64.37	2242.55	(7.90)
IRCTC	20811875	22.06	673.65	(6.61)
LAURUSLABS	11241200	21.61	389.40	(6.29)
CANFINHOME	4969575	17.93	525.50	(6.16)

Weekly change in OI



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