

Lack of follow-up buying nullified the breakout attempt, Nifty slipped below 18000

Sensex (61003) / Nifty (17944)



Source: Tradingview.com

Future outlook

In continuation of the lackluster from the past couple of trading weeks, our market started the new week on a mild note within the same slender range. However, by mid-week, the buying emergence in the broader market led Nifty to break the shackles and come out from the slumber phase. But eventually, the bulls failed to capitalize on the gains and by the weekend, Nifty re-entered its congestion zone. Post the intense tug of war throughout the week, Nifty settled around **17950** levels, procuring nearly half a percent from the previous week's closure.

The lack of follow-up buying nullified the breakout attempt, and we fell back into the same zone from where we had started. However, the recent price action could be seen as constructive development for our markets as the index is hovering above the sloping trend line and has also attempted to transcend the sturdy hurdle of the **18000** mark after two weeks of consolidation. As far as levels are concerned, we remain hopeful till the sacrosanct support of **17800-17700** is firmly withheld. On the flip side, sustenance above **18000** could only bring the cheer back in the market, while on the higher end **18200** is likely to be the sturdy wall in a comparable period.

We remain sanguine with the up trend and would advise the traders to utilize the dips to add long position in the index. Meanwhile, a positive contribution from the high beta Banking space could provide the much-needed thrust in the up move. However, despite the lackluster moves in the indices, individual pockets kept buzzing and we expect this to continue. Hence, we advocate traders to focus on a stock-specific approach for better trading opportunities and stay with a similar buy on decline strategy till the time important supports are held comfortably.

Market remains indecisive, amidst mixed F&O data

Nifty spot closed at **17944.20** this week, against a close of **17856.50** last week. The Put-Call Ratio has decreased from **1.05** to **0.88** on Weekly basis. The annualized Cost of Carry is positive at **2.31%**. The Open Interest of Nifty Futures decreased by **2.54%**.

Derivatives View

Nifty current month's future closed with a premium of 6.80 against a premium of 20.60 points to its spot in the previous week. Next month's future is trading at a premium of 114 points.

The Indian benchmark index attempted to break shackles and come out of the slumber phase, but lack of follow-up buying nullified the attempt and the index slipped back into the congestion zone. In the F&O segment, we witnessed strong short covering by mid-week, but on the last trading session some short formation was seen, which dampened the overall sentiments. On the options front, a decent piling of OI is seen at 17900-17800 put strikes, suggesting nearby support for Nifty. On the flip side, the 18000-call strike has the highest OI concentration, followed by 18100-18200 CE, suggesting a series of resistance in the comparable period. The stronger hands have covered some of their shorts in the system, resulting in an improvement of the 'Long Short Ratio,' which surged to 23% from 18% in the last week. Considering the recent price action, a short covering rally could be an encouraging sign for our markets. Hence, we must keep a close tab on the mentioned levels and act accordingly.

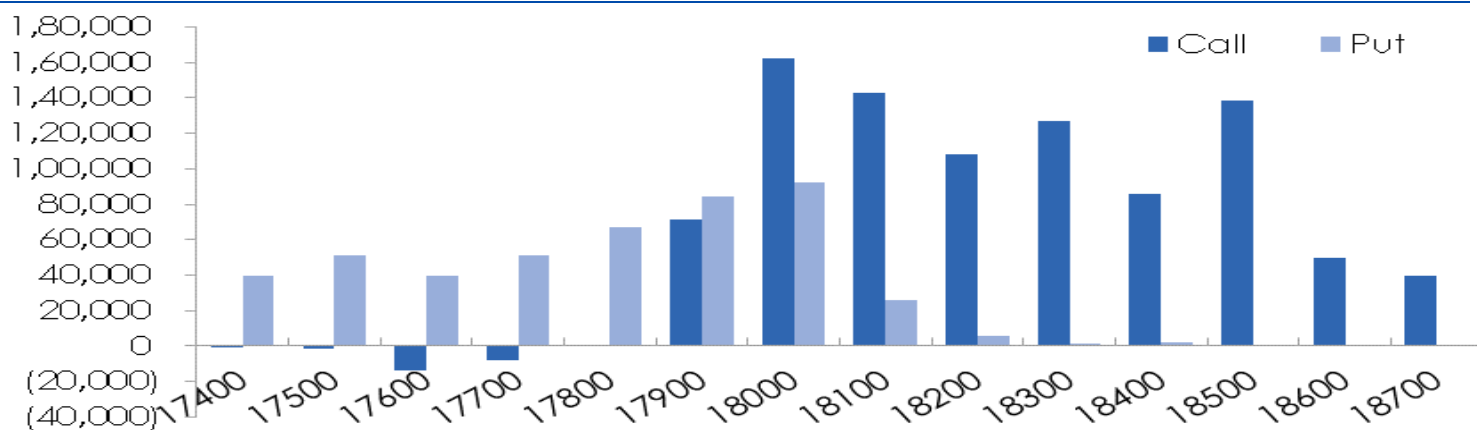
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
SHREECEM	381125	30.91	25599.15	7.24
METROPOLIS	1230400	30.78	1341.60	4.29
TORNTPOWER	4212000	26.20	508.30	12.08
ONGC	46280850	24.60	156.80	6.67
ITC	65849600	19.34	382.60	4.34

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
CROMPTON	7278000	89.31	298.05	(6.67)
INDIGO	4842000	43.89	1882.70	(7.53)
AUBANK	12842000	32.53	610.85	(6.10)
LICHSGFIN	15264000	30.82	366.85	(3.28)
BIOCON	38435300	29.13	232.50	(4.46)

Weekly change in OI



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