

Nifty holds 9000 despite some hiccups

Sensex (30673) / Nifty (9039)

NSE:NIFTY, 1D 9039.25 ▼ -67.00 (-0.74%) O:9067.90 H:9149.60 L:8968.55 C:9039.25



TradingView

Source: Trading View

Future outlook

We had a positive start for the week on Monday, citing the cheerful mood in Asian markets and a good bump up in Dow Futures early in the morning. However, it was merely a formality as we saw markets taking a complete nosedive in initial trades. Within a blink of an eye, we not only broke the sheet anchor of **9000** but also hastened towards the **8800** mark. After seeing such a knock, markets recovered gradually throughout the remaining part of the week. However, due to some sell off post the ad hoc press conference by RBI on Friday, markets came off a bit from the morning highs. Fortunately, the damage at the close was not so big and hence, Nifty concluded the week with a marginal cut of a percent.

The most tracked and tradable indices, Nifty and Bank Nifty have shown some diverging moves in the last few weeks. In fact in the week gone by, Nifty corrected by merely a percent; whereas the banking index plunged over eight percent. If we look at the recent corrective move from April 30 high, the Nifty has not even retraced 50% but the Bank Nifty has corrected slightly over 78%. Looking at these observations, it is very much clear that the banking space has been the pain point and hence, it is not letting our markets move northwards. Now as far as levels are concerned, we were seeing **9000** as a key support but after seeing breakdown on Monday, we remained a bit sceptical due to formation of contradictory patterns on an hourly chart. Our scepticism proved correct as we saw Nifty immediately reclaiming the **9000** mark on a weekly closing basis. So hopes are still alive for the bulls, unless there is some aggravation with respect to US-China tensions or any other thing related to the Coronavirus pandemic.

For the coming week, all eyes would be on global markets and at our end, **9200** is the level to watch out for. Also, any rally which is mainly driven by the banking space is considered to be a robust one and hence, if we manages to reclaim **9200** along with the considerably higher contribution from the banking conglomerates (Bank Nifty hourly chart depicts a positive divergence in RSI-Smoothened), we would see good relief move in the concluding week of the May month. On the flipside, **8900 – 8800** would be seen as crucial supports for the market.

Key support for index at 9000

Nifty spot closed at **9039.25** this week, against a close of **9251.50** last week. The Put-Call Ratio has decreased from **1.11** to **1.28**. The annualized Cost of Carry is negative at **7.71%**. The Open Interest of Nifty Futures has increased by **13.59%**.

Derivatives View

Nifty current month future closed with a discount of **11.45** points against a discount of **14.85** points to its spot. Next month future is trading with a discount of **12.70** points.

As far as Nifty options activities for the week are concerned, we witnessed open interest addition in 9200-9500 call options. On the flipside, 9000-8800 put options saw open interest additions as well. Maximum open interest for the May monthly series now stands at 10000 call option and 9000 put option.

Nifty oscillated within the broad range during this week wherein we saw good addition of open interest in 9000-8800 put options. During the last trading session of the week, Nifty breached the 9000 mark, but it managed to end the week above that. On the flipside, 9200 is the immediate resistance for the index. For the coming week, a move beyond this range could then lead to a directional move. FI's formed mixed position during the week and their 'Long Short Ratio' is around 40 percent. Traders are advised to watch the developments after along weekend and trade accordingly.

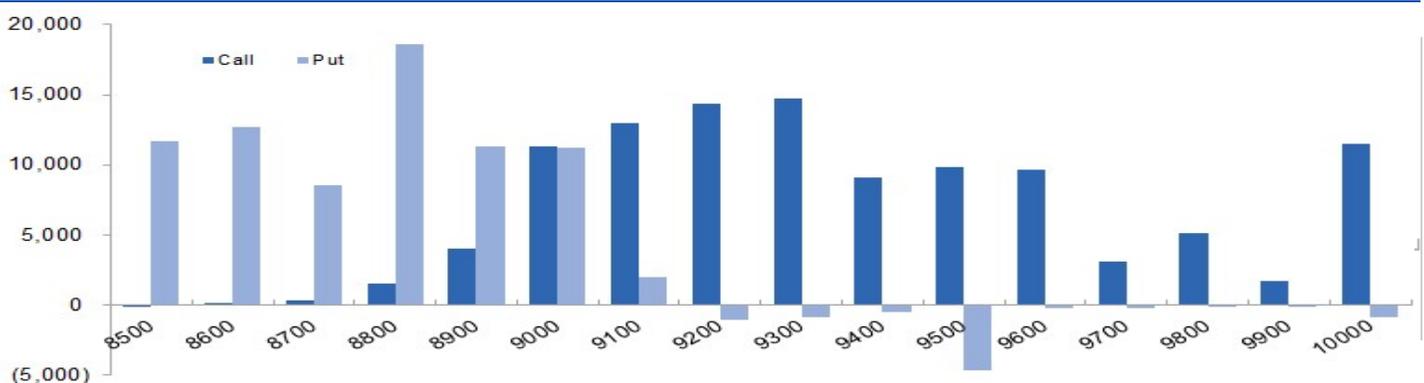
Long Formation

Scrp	OI Futures	OI Chg (%)	Price	Price Chg (%)
BALKRISIND	1060000	44.34	989.10	4.74
AMARAJABAT	1374600	26.30	592.10	3.46
ITC	53968800	25.03	186.80	13.28
DRREDDY	3669250	24.41	3874.15	3.53
IDEA	526456000	18.33	5.60	13.13

Short Formation

Scrp	OI Futures	OI Chg (%)	Price	Price Chg (%)
EQUITAS	13998600	81.12	40.75	(17.93)
UJJIVAN	5836100	54.96	147.70	(11.08)
ASHOKLEY	72797000	42.40	42.95	(8.62)
CHOLAFIN	9040000	37.60	123.55	(17.27)
L&TFH	36032000	27.15	51.40	(9.90)

Weekly change in OI



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