

## Markets back to record highs despite initial collapse

### Sensex (46974) / Nifty (13749)

NSE:NIFTY, 1D 13749.25 ▲ +148.15 (+1.09%) O:13672.15 H:13771.75 L:13626.90 C:13749.25



TradingView

Source: Trading View

### Future outlook

Despite being a truncated week, it was certainly an action packed as well as the volatile one for our markets, unlike recent weeks. On the inaugural day, Nifty marked a fresh record high of **13777.50** in the initial hours. However, post this, it just turned out to be a nightmare for the Bulls. The entire market just collapsed in a matter of a few hours on some global jitters to register the biggest intraday loss in the last few months. In the process, Nifty had a massive cut of more than 600 points to enter sub-**13200** levels. But mighty Bulls were not willing to surrender completely as we witnessed a v-shaped recovery in the following three trading sessions to reclaim it's all time high territory.

It appears that our markets over reacted to the global development on Monday but they also remained in the front in the recovery mode as well. It looks unrealistic but we have managed to shrug off the negativity and restricted the correction to merely one and half days. Technically, the low during the corrective move precisely met with a strong support zone of the '89-EMA' level on the '180-minutes' chart. And as we alluded in our intra-week commentary, although the fall was intimidating, it was merely a correction within the larger Bull market. We are now back to record highs and the coming week would be quite crucial to understand whether the Nifty is heading towards **14000** or not. A sustainable move beyond **13780 - 13800** would lead to a continuation of the move towards **14000 - 14200** levels.

On the flipside, **13626** is the level to watch out for. If we again slide below this support, we may see some corrective move in the concluding week of the current calendar year. Let see how things pan out because the last week of the year is generally considered a muted one in the absence of Foreign Institutional investors. This week mainly the defensive spaces like IT, Pharma and FMCG initiated the recovery, so it would be important to see what drives the market going ahead.

## 13600-13700 puts added decent shorts

Nifty spot closed at **13749.25** this week, against a close of **13760.55** last week. The Put-Call Ratio has decreased from **1.62** to **1.58**. The annualized Cost of Carry is positive at **5.50%**. The Open Interest of Nifty Futures has decreased by **7.68%**.

### Derivatives View

Nifty current month future closed with a premium of **14.50** points against a premium of **13.50** points to its spot. Next month future is trading at a premium of **56.30** points.

As far as Nifty options activities are concerned, we saw fresh build-up in 13700-14500 call options (except for 14400 strike wherein some unwinding was seen). On the other side, decent amount of writing was seen in 13600 and 13700 put strikes. Maximum open interest concentration is now seen in 13000 put and 14000 call options.

It was indeed a historical week for the Indian equity market, as index registered fresh record high in the early morning trade on Monday but these gains were short lived as sharp sell-off was seen to plunge below 13200 mark. In next three sessions, V-shaped recovery was seen to erase all of losses to conclude the week marginally lower. In the correction seen on Monday, we hardly saw any fresh shorting but in the recovery seen fresh longs were formed. In addition, we also witnessed good amount of writing in 13600 and 13700 put strikes; which is a positive indication. Going ahead, we may see index extending the rally towards 13900-14000 mark; whereas, 13600-13700 levels may act as a demand zone for Nifty now.

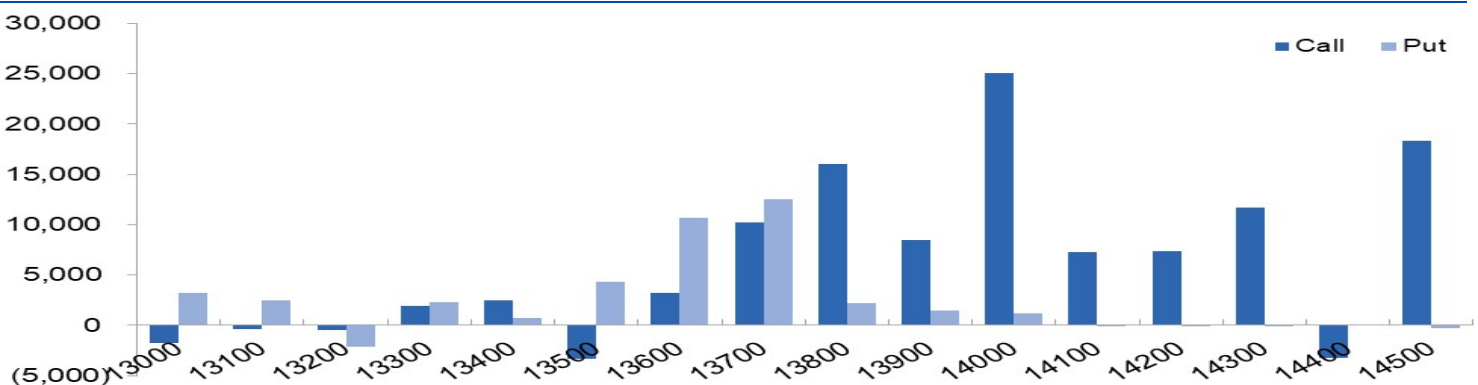
### Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
IDEA	983780000	38.79	10.15	3.05
CADILAHC	9840600	28.57	491.40	2.73
IGL	6776000	10.94	489.85	2.17
ICICIPRULI	4519500	8.07	497.35	2.97
ADANIENT	18894000	7.89	473.45	3.69

### Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
PVR	2115179	40.50	1259.00	(11.82)
ONGC	56941500	19.45	93.20	(6.28)
RBLBANK	19432000	19.09	219.85	(3.21)
HAVELLS	4304000	18.47	897.60	(2.54)
RAMCOCEM	1762900	17.91	779.35	(7.69)

### Weekly change in OI



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