

Some recovery towards the end helps reclaiming 14500

Sensex (33318) / Nifty (14507)

NSE:NIFTY, 1D 14507.30 ▲ +182.40 (+1.27%) O:14506.30 H:14572.90 L:14414.25 C:14507.30



TradingView

Source: Trading View

Future outlook

The previous Friday's sharp recovery was followed by a flat to positive start on Monday, owing to favourable global cues. The lead extended on the following session after the Supreme Court's verdict on Loan Moratorium. However as we alluded to in the intra-week commentary, the conviction was clearly lacking in the up move, which eventually resulted in a sharp decline thereafter. Due to mid-week sell off, the Nifty went on to enter sub-**14300** territory for the first time after the Budget session. However, similar to the previous week, this Friday too brought some positivity back in to the market as we witnessed a decent recovery across the board to reclaim the **14500** on a weekly closing basis.

After the recent consolidation, the market finally started feeling some heat as we witnessed in the week gone by. Fortunately we remained a bit adamant and did not get carried away by the in between upswings. We continue to remain cautious and the way we are placed on the charts, further correction cannot be ruled out. As far as levels are concerned, the next key support is visible in the zone of **14140 – 14000** as it coincides with the daily '89 EMA' and the 78.6% retracement of the up move from **13596.75** to record high of **15431.75**. Before this, **14400 – 14250** are to be seen as immediate supports. On the upside, the cluster of resistances is visible at every 100-150 points. So, for the forthcoming week, **14600 – 14750 – 14900** are to be seen as pain points for the Nifty. Till the time, **14900** is not surpassed with some authority, the short term trend remains bearish and hence, it's better not to get complacent.

Here the only tricky point is the placement of the banking index. It has already corrected in line with our expectations and has underperformed our benchmark significantly in the recent past. This space saw massive recovery in the latter half on Thursday after precisely testing the '89-EMA' level of **32420**. This level coincides with the previous breakout point on the budget day. Hence, it would be really interesting to see how it behaves going forward. If it fails to show any strength here, we should then gear up for an extended correction. In the bull-case scenario, it's located just at the right junction from where it can take a U-turn. Let's see how things pan out because the other sectors too started participating in the correction and the broader market which has been convincingly outperforming, started to see some decent profit taking.

FII's form long positions in Nifty post expiry

Nifty spot closed at **14507.30** this week, against a close of **14744.00** last week. The Put-Call Ratio has decreased from **1.20** to **1.14**. The annualized Cost of Carry is positive at **7.49%**. The Open Interest of Nifty Futures has decreased by **1%**.

Derivatives View

Nifty current month future closed with a premium of **113.80** points against a premium of **88.20** points to its spot. Next month future is trading at a premium of **160.70** points.

In options segment, 15000 call option and 14500 put options added good amount of open interest. Maximum build-up in the weekly series is now placed in 15000 call and 14000 put options.

Nifty witnessed some pullback at the start of the week, but it corrected sharply during expiry to sneak below 14300 mark. However, the index trimmed some of the losses on the last day and ended around 14500. Nifty has started the April series with a low open interest base and has added some long positions on Friday. But we witnessed good amount of short rollover in Bank Nifty which are intact in the system. FII's have added longs in the Nifty futures in Friday's session and their index 'Long Short Ratio' at the end of week stands over 70 percent. The weekly options data hints a support around 14300 and resistance in the range of 14700-14800. Looking at the long formations on Friday, we may see the index moving towards the mentioned resistance range. It will be interesting to see if there's any short covering in Bank Nifty in the coming week. Traders are advised to trade with a stock specific approach with a tab on the above mentioned levels.

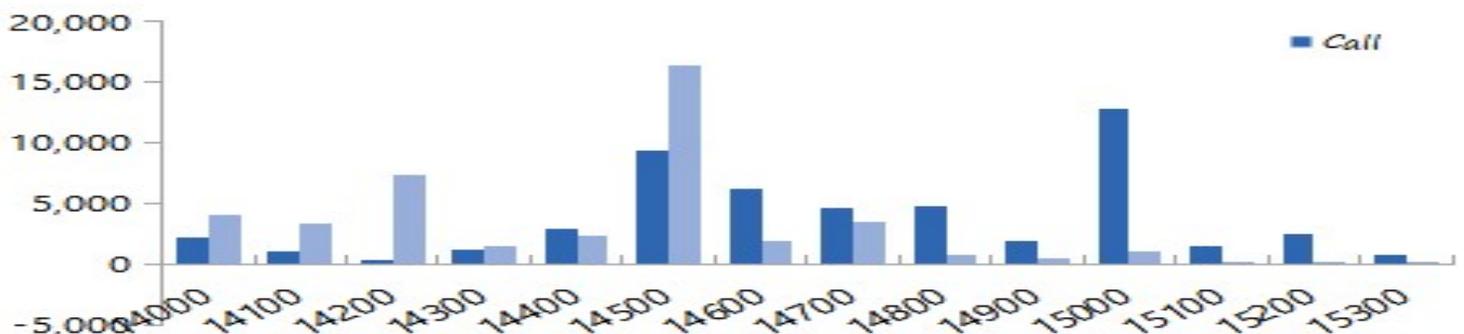
Long Formation

Scrp	OI Futures	OI Chg (%)	Price	Price Chg(%)
AARTIIND	402900	9.47	1336.25	6.47
TATASTEEL	42875700	8.66	770.75	5.14
SAIL	139023000	8.38	77.50	5.66
AMBUJACEM	14652000	6.61	297.45	4.66
BERGEPAIN	3059100	3.19	765.70	5.49

Short Formation

Scrp	OI Futures	OI Chg (%)	Price	Price Chg(%)
POWERGRID	14228000	11.12	215.70	(6.30)
M&MFIN	13576000	6.03	206.50	(4.40)
ONGC	41657000	5.73	103.30	(6.56)
INDIGO	3481500	3.89	1616.80	(3.14)
MARUTI	2368300	3.75	6842.30	(3.91)

Weekly change in OI



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