

V-shaped recovery in market; Nifty registers record high

Sensex (76693) / Nifty (23290)



Source: Tradingview.com

Future Outlook

The Indian equity markets navigated a highly volatile trading week with significant swings in both directions. Despite initial record highs, the market experienced a downturn following the election verdict. However, bullish market participants capitalized on the opportunity to not only stage a modest recovery but also drive the markets to new lifetime highs. The week rounded off with the Nifty50 index achieving its highest-ever weekly closure around **23300** levels, procuring over 3.30 percent.

The phrase "All's well that ends well" perfectly describes the roller-coaster journey Indian equities experienced last week. Amidst the Lok Sabha election verdicts, the market faced heart-stumbling moments, making it an eventful and nerve-racking week. The participation in recouping the fall portrayed a constructive development with a strong bullish undertone in the markets. From a technical standpoint, Nifty positioned itself above all the significant EMAs, slightly above the higher band of the 'Rising Channel', showcasing an inherent bullish quotient. As the benchmark settles near its all-time high (ATH), it becomes challenging to forecast the ultimate resistance zone, although **23500** is very close by now. On the lower side, **23000-22800** is the zone that is likely to provide support in case of any upcoming intra-week dips for the index.

The increased participation across the board has boosted market sentiment, and any additional contribution is likely to have a similar impact. The macro data suggests a buoyant undertone and going forward, the global developments could play a crucial role in dictating the intermediate trend for our markets. Meanwhile, one should note that our markets have witnessed a worthy swing of nearly 2000 points and now might attract some consolidation before setting up the next leg of the rally; hence, keeping a pragmatic approach is advisable.

Long Short Ratio soared to 30%

Nifty spot closed at **23290.15** this week, against a close of **22957.10** last week. The Put-Call Ratio has increased from **1.14** to **1.15** on a weekly basis. The annualized Cost of Carry is positive at **2.89%**. The Open Interest of Nifty Futures decreased by **6.94%**.

Derivatives View

Nifty current month's future closed with a premium of 35 against a premium of 62.50 points to its spot in the previous week. Next month's future is trading at a premium of 154.45 points.

The Indian equity market witnessed a roller coaster ride amidst election week, with significant volatility but ultimately closing at record highs. The Nifty50 index ended the week at its highest-ever level around 23300, gaining over 3%. In the derivatives market, we observed decent short covering in Nifty, while the banking index saw the addition of long positions. A significant accumulation of positions is now evident in the 23000 and 23200 PUT strikes, suggesting an upward shift in the support zone. On the other hand, the 23500 CALL strike holds decent positions. Stronger hands also turned net buyers in equities after three days of selling. The long-short ratio improved to 30% from 14% at the start of the week. Considering these developments, we believe 23000 should act as an immediate support zone, and dips should be bought into

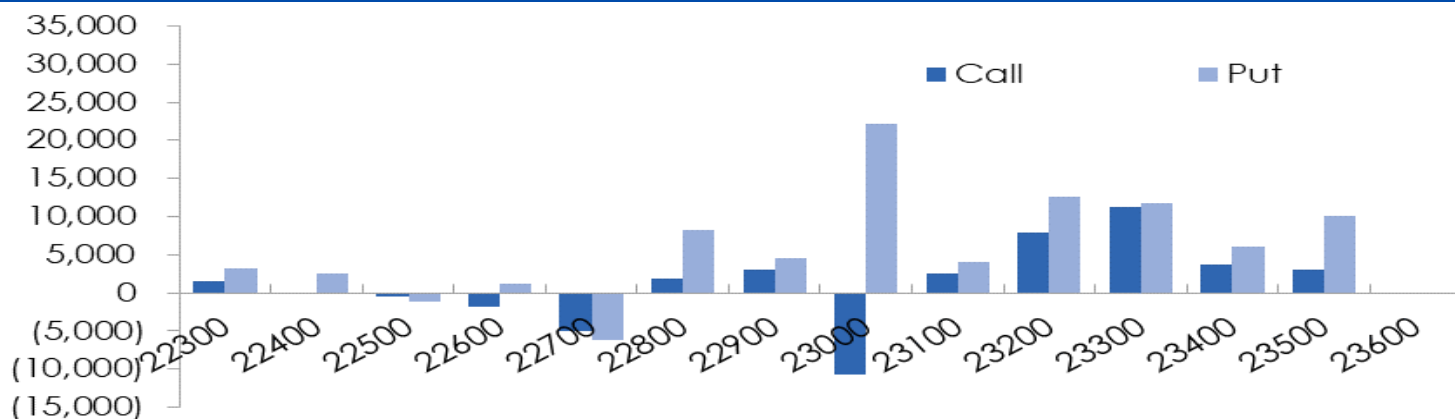
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
METROPOLIS	1637600	80.99	2011.30	4.92
BALRAMCHIN	14852800	40.02	402.35	5.49
MPHASIS	2865775	33.23	2475.15	7.45
LALPATHLAB	1373400	30.91	2800.00	5.53
MARICO	12870000	27.07	654.90	9.20

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
BPCL	35752500	26.01	601.10	(4.96)
RECLTD	64010000	25.44	498.10	(8.08)
HINDPETRO	31681800	19.66	526.15	(2.94)
HAL	12713700	12.87	4761.30	(5.22)
LT	15625650	11.95	3518.20	(4.20)

Weekly change in OI



Report as on Friday, May 17, 2024 closing

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