

Market soars as bulls break key resistance, Eyes now on upcoming key event

Sensex (75410) / Nifty (22957)



Source: Tradingview.com

Future Outlook

The shortened week began on a bleak note, but the bulls quickly took charge, driving the market upward toward the previous highs of around **22800**. Once this key hurdle was overcome on Thursday, renewed exuberance pushed the market towards a new milestone of **23000**. However, on Friday, the momentum slowed as the bulls took a breather day, and prices ended the week with gains of around 2% compared to last week's close.

It was a fascinating week for the market. After oscillating within a range of 1,000 points between **21800** and **22800** for the last two months, the market finally witnessed a bullish breakout. The best part of this breakout was the strong, broad-based buying in heavyweights on Thursday. In this scenario, traders should maintain a positive bias, with any dip toward the previous resistance of **22800** likely acting as a buying opportunity. The only concern is the benchmark index approaching the upper band of the 'Rising Channel,' which has been a turning point in recent months. This zone, around **23100 - 23200**, should be closely watched. Ahead of the key election results, traders may prefer to book their long positions around this zone in anticipation of intense volatility. Therefore, the approach would be to buy on dips around **22800** and to book profits around **23200**. Traders should monitor these levels and plan their trades accordingly.

As it will be the last trading week before the key event, which coincides with the F&O expiry, heightened volatility is expected. Traders are advised to avoid undue risk and be very selective in their trading approach.

Long Short Ratio soared to 49%

Nifty spot closed at **22957.10** this week, against a close of **22502.25** last week. The Put-Call Ratio has decreased from **1.24** to **1.14** on a weekly basis. The annualized Cost of Carry is positive at **16.56%**. The Open Interest of Nifty Futures increased by **13.13%**.

Derivatives View

Nifty current month's future closed with a premium of 62.50 against a premium of 41.90 points to its spot in the previous week. Next month's future is trading at a premium of 152.05 points.

The Indian equity market witnessed a strong week of trade, during which the benchmark index Nifty50 soared into uncharted territory to register a fresh lifetime high and attain the milestone of 23000. In the derivatives market, both the key indices showed a positive trend, witnessing fresh long additions on a WoW basis. This is a strong indication of market stability and should boost the confidence of our audience. On the options front, for the monthly expiry week, we observed a strong piling of OI from 23000-22800 put strikes, signaling an upshift in the support base. Conversely, scattered piling from 23000-23500 call strikes suggests a potent upsurge for the Nifty50 index. FIIs turned net buyers in the index future segment and added decent longs, resulting in a strong surge in the Long Short Ratio to 49% from 28% on the week. Considering the mentioned data, our market seems strongly bullish, though volatility is likely to spike amidst the expiry week; hence, it is advisable to avoid aggressive bets for the time being.

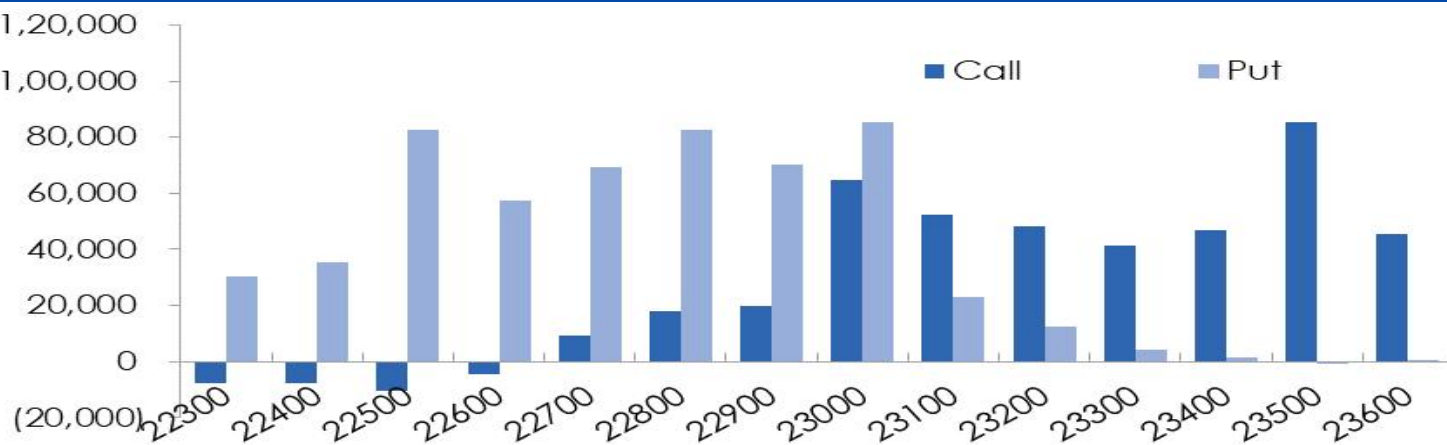
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
ABFRL	47580000	15.66	289.80	9.42
BHARTIARTL	38637450	14.55	1390.15	3.03
COALINDIA	57640800	13.26	502.00	6.53
DIVISLAB	3387800	12.67	4135.20	5.02
IDEA	3664360000	9.54	15.15	13.91

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
HINDCOPPER	47747700	51.28	371.40	(4.74)
INDIGO	7334400	45.84	4256.10	(2.55)
LUPIN	9846400	42.71	1618.45	(2.36)
GODREJPROP	4056100	19.65	2739.90	(4.36)
NMDC	89154000	15.87	268.00	(4.18)

Weekly change in OI



Report as on Friday, May 17, 2024 closing

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