

SHORT TERM VOLATILITY TO PERSIST TILL GLOBAL MARKETS VOLATILITY SETTLES:

Market remained highly volatile in short term with Global Markets volatility. We have seen correction of around 9-10% in short term from Peak levels of October 2021 in main indices.

“ OMRICON ” new covid variant is turned out to be profit booking cause in market for short term across the globe. FII sold around 50000 crores of stocks in cash market so far in last one & half month, putting pressure in market. So far selling pressure arrested well due to ample domestic liquidity.

The cause of volatility in near term is global in nature therefore, Short term volatility to persist till Global Market volatility settles. On the other hand 16750-16500 is crucial support zone on nifty from medium term perspectives. We may see this correction as buying opportunity till these support holds.

One should closely watch out FOMC moves regards to QE & Interest rates ahead of further worry of pandemic fear across the globe. Easing of FII Selling pressure ahead of December calendar year end will give some kind of relief rally in market.

Although Domestic Liquidity so far giving support to market & absorbing FII selling but “FURTHER LOCKDOWN FEAR” may cause some unexpected jitters in pant up demand that emerge after August-September 2021.

On Data Science front, FII is selling in cash market but buying in stock futures. Many are reading it as Reverse arbitrage. Any kind of Ease of selling pressure by FII in near term will give some kind of relief rally in market due to buying in derivative front.

On the domestic front, one should also watch out Micro variables like Liquidity Condition, Inflation data & Interest rate Outlook, Demand & Supply balancing & Budget expectation in near term, should not be affected due to “OMRICON”.

We have seen recent bull Market rally from bottom of March 2020 across the Globe. Therefore, any kind of Halt or Short term Hiccups with volatility to persist till global Markets volatility settles.