

## Index managed to defend key levels

### Sensex (35695) / Nifty (10727)

NSE\_DLY:NIFTY, 1D 10727.35 ▲+55.10 (+0.52%) O:10699.70 H:10741.05 L:10628.65 C:10727.35



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Source: Trading View

### Future outlook

The inaugural week of 2019 started well as we were at a kissing distance from surpassing key hurdles. However, global turmoil once again spooked market participants and hence, we had a couple of terrible days of trade in the midst of the week. Fortunately, some respite was seen globally on Friday and hence, we eventually ended by reclaiming the **10700** mark.

Friday's price move was crucial according to us as we were trading precisely at the threshold of two key technical indicators. Firstly, the 61.8% retracement of the recent up move and then most importantly the 'Rising Trend Line' support around **10650 – 10610** levels. Although index breached these levels on intraday basis, the closing is well above it in the relatively safe zone. Also, with such kind of intraday volatility, we can now see a formation of 'Bullish Hammer' pattern around the important support zone. Hence, going ahead, a sustainable move beyond **10750** would lead to extended rally towards **10850 – 10920** levels. If things go as per the expectations, we would then be able to see a breakout from recent key hurdles and in this scenario, the much-awaited move beyond **11000** cannot be ruled out.

Hence, going ahead, as long as **10600** is not broken one should remain on the positive side and better to place positional bets if things pan out as per above scenario. By doing this, one must keep an eye on global developments also. Even if we see things going in tandem, it's better to keep a regular tab on positions and should follow proper exit strategy. On the sectoral front, midcap private banking space looks encouraging along with the entire midcap universe.

## PSU banks attracting fresh longs

Nifty spot closed at **10727.35** this week, against a close of **10859.90** last week. The Put-Call Ratio has decreased from **1.54** to **1.34**. and the annualized Cost of Carry is positive at **6.33%**. The Open Interest of Nifty Futures increased by **14.62%**.

### Derivatives View

Nifty current month future closed with a premium of **50.25** points against a premium of **47.85** points to its spot. Next month future is trading with a premium of **84.00** points.

As far as Nifty options activities for the week are concerned, we saw decent open interest addition in **10800-11100**, **11300** and **11500** call. Whereas, **10500** and **10700** put options added some fresh positions. Maximum open interest for January series now stands at **11200** call and **10500** put options.

Our market too corrected along with the global bourses; but sharp recovery on Friday brought index back above **10700** mark. In F&O space, we saw addition of fresh mixed positions in Nifty; whereas, decent long formation took place in BankNifty. Meanwhile, put writers continued adding decent positions in **10500-10700** strikes. Since last three consecutive sessions, the premiums for Nifty futures have been consistently increasing, indicating buying interest near the support zone of **10600-10650**. Going ahead, we expect extension of Friday's rally towards **10850-10900**; thus, traders are advised trading with a positive bias.

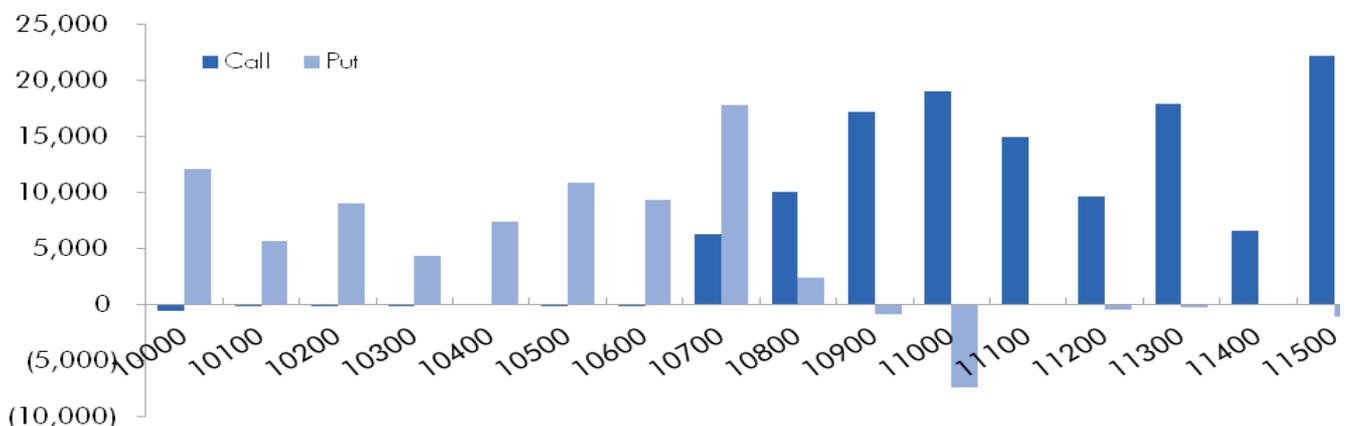
### Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
UNIONBANK	41713000	10.72	92.85	7.65
BANKINDIA	29442000	18.07	109.50	5.64
YESBANK	164312750	3.83	190.95	4.52
BEL	36648000	7.84	90.90	4.36
UJIVAN	3536000	16.01	285.35	3.90

### Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
JETAIRWAYS	8023400	34.72	237.35	(13.20)
EICHERMOT	395525	55.18	20240.80	(13.12)
M&M	17668000	36.33	728.90	(9.79)
L&TFH	20650500	20.76	145.40	(6.47)
MINDTREE	2903400	30.61	817.30	(5.90)

### Weekly change in OI



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