

Nifty finally enters five digit territory, further move likely

Sensex (34287) / Nifty (10142)

NSE:NIFTY, 1W 10142.15 ▲ +113.05 (+1.13%) O:9726.85 H:10177.80 L:9706.95 C:10142.15



 TradingView

Source: Trading View

Future outlook

It was certainly a great start for the new trading week as well as the June month. Last month, there was a gap down opening at the inaugural day and on Monday, precisely that downside gap area was filled to kick off the new month. Our markets continued their upwards trajectory to enter a five digit territory beyond **10000** after nearly three months. After a good head start, markets took a pause and saw some profit booking for couple of days. But without much damage, the buying re-emerged at lower levels on Friday to conclude the week with whopping 6% gains from the previous weekly close.

Technically speaking, Monday's gap up opening turned out to be a game changer for the bulls. Because After the April month ecstatic move, May started with some negativity and the same precisely got reversed with such bump up. Since the previous gap was filled by yet another gap, this time bears got caught completely on the wrong foot. Now looking at the current set up, we remain upbeat as long as **9900** holds on a sustainable basis and this is what we alluded post Thursday's close as well. Since the recent move was mainly propelled by the banking space, we were convinced of the rally in last couple of weeks. Now along with banking, we could see contribution from the broader market too, indicating sign of a robust move. This week, although we struggled at **10200**, the positioning of RSI-Smoothened indicates possibility of extending this move towards **10500-10700** levels. Hence traders are continuously advised to stay on the positive side as long as **9900** is being held.

Apart from this, we take this opportunity to highlight some notable observations. If we look at two major global indices, DOW JONES and DAX, both have retraced almost 78% from the March lows but we are trading tad above 50%. Hence, if we have to see the catch up move, mentioned levels are very much on cards now.

Market rallies due to long formations

Nifty spot closed at **10142.15** this week, against a close of **9580.30** last week. The Put-Call Ratio has decreased from **1.61** to **1.50**. The annualized Cost of Carry is positive at **0.60%**. The Open Interest of Nifty Futures has increased by **11.42%**.

Derivatives View

Nifty current month future closed with a premium of **3.35** points against a discount of **98.05** points to its spot. Next month future is trading at a premium of **0.10** points.

As far as Nifty options activities for the week are concerned, we witnessed open interest unwinding in 9500-10000 call options. On the flipside, 10000-9700 put options saw open interest addition. Maximum open interest for the June monthly series now stands at 10000 call option and 9000 put option.

During this week, indices rallied higher with formation of long positions in Nifty and a combination of short covering and long formation in Bank Nifty. We witnessed good open interest addition in 10000-9700 put options indicating support base shifting higher. FII's bought equities in the cash segment during the week while they formed marginal short positions in index futures. If we look at stock specific build up, many stocks from the derivatives space witnessed long formations while the broader markets too witnessed good momentum. The options data hints good support at 10000 mark for the near term whereas on the higher side the momentum could lead the index towards 10300 and 10500 mark. Hence, traders are advised to continue to trade with a positive bias.

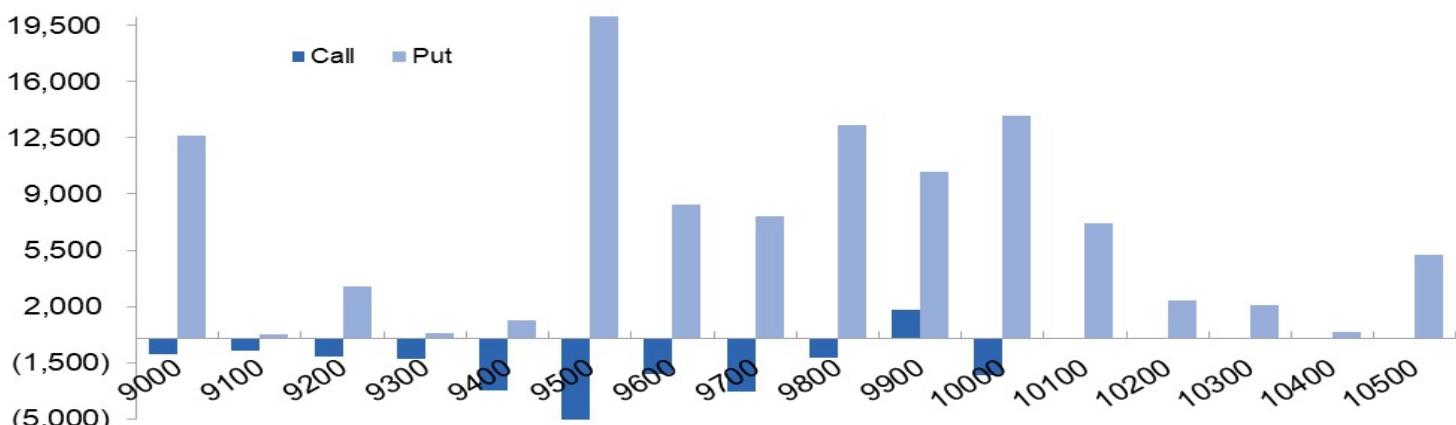
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
CANBK	13087000	48.72	104.65	25.71
PNB	81235000	44.05	33.90	26.49
INDIGO	3420800	22.87	1178.80	22.59
JINDALSTEL	18800000	22.48	146.10	21.14
BANKBARODA	62561200	19.14	46.65	20.54

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

Weekly change in OI



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