

## Back to pre-COVID levels and knocking doors of record highs

### Sensex (41893) / Nifty (12264)

NSE:NIFTY, 1D 12263.55 ▲ +143.25 (+1.18%) O:12156.65 H:12280.40 L:12131.85 C:12263.55



TradingView

Source: Trading View

### Future outlook

It was one of the remarkable weeks of trade for our markets; rather we can say for the entire world. As we stepped into an eventful week on Monday, things were very much different. We had a lot of uncertainty around us, which spooked markets in the previous week and were battling around the key supports, which at one time looked like getting breached. But fortunately, the buying emerged right from the first day and the moment counting started for the race of becoming a US President, markets started reacting pleasantly. In fact, they just took off in the last couple of days to clock whopping gains over Five percent for the Nifty and more than Twelve percent for the Bank Nifty on a weekly basis.

Honestly speaking, it was one of the rarest bigger events when markets had a smooth unidirectional move throughout the week and fortunately, it's in the northward direction, which is gratifying for market participants across the globe. Yes, we should not ignore the fact that the actual verdict is yet to come, so you never know how the reaction would be in the forthcoming week. But it seems that the markets have completely shrugged off / discounted the complexity of this event and have just seen the bright futuristic picture. Despite some challenging times, we remained hopeful at the start of the week as long as the key support of **11600 – 11500** is not violated. Market not only defended it but is very much at a comfortable position now with new record highs in sight. Technically, we can see a 'Bullish Flag' breakout happening along with a 'Breakaway Gap' on a daily chart. It is considered a strong development and hence, we are likely to move beyond previous highs soon. So, **12430.50** is the first level to watch and post then the theoretical target of the 'Flag' pattern is around **12700**. Further levels can be projected as we move forward.

On the flip side, Thursday's gap area of **12027.20 – 11929.65** should act as a strong support. This rally can be considered a healthy one because almost all sectors have contributed to it and financial space has dominated it along with the late participation from the broader market. The much awaited breakout in the Midcap index has already been confirmed, which generally happens when the market feels that the uncertainty is behind us and we are likely to witness some strong rally in the near future. Going by this logic, it adds more conviction and hence, we expect some encouraging moves to come in the broader market.

## Falling INDIAVIX hints further strength

Nifty spot closed at **12263.55** this week, against a close of **11642.40** last week. The Put-Call Ratio has increased from **1.46** to **1.77**. The annualized Cost of Carry is negative at **0.31%**. The Open Interest of Nifty Futures has increased by **5.44%**.

### Derivatives View

Nifty current month future closed with a discount of **2.10** points against a premium of **28.30** points to its spot. Next month future is trading at a premium of **13.65** points.

As far as Nifty options activities are concerned, build-up was scattered between 12100-13000 call and 11800-12200 put options. Maximum open interest for the monthly series is placed at 12500 call and 11500 put options.

We began the week on a cheerful note and saw Nifty inching higher during the remaining part of the week. After couple of attempts, the benchmark index finally surpassed the important hurdle of 12000-12050. We concluded the week almost at the highest point. In recent upmove, Nifty as well as BankNifty added good amount of longs, the open interest surged 5.44% and 15.14% respectively. In addition, decent amount of longs from last series are also intact in the system. In index options front, good amount of writing was seen in 11800-12000 put options; whereas, decent build-up was also seen in 12200-13000 call strikes. The volatility index plunged to 20.50, despite the event week. The above data remains positive and hence, we continue with the optimistic stance on market. Going ahead, 12000-12100 may act as a demand zone and any dips towards these levels shall be an opportunity to re-enter.

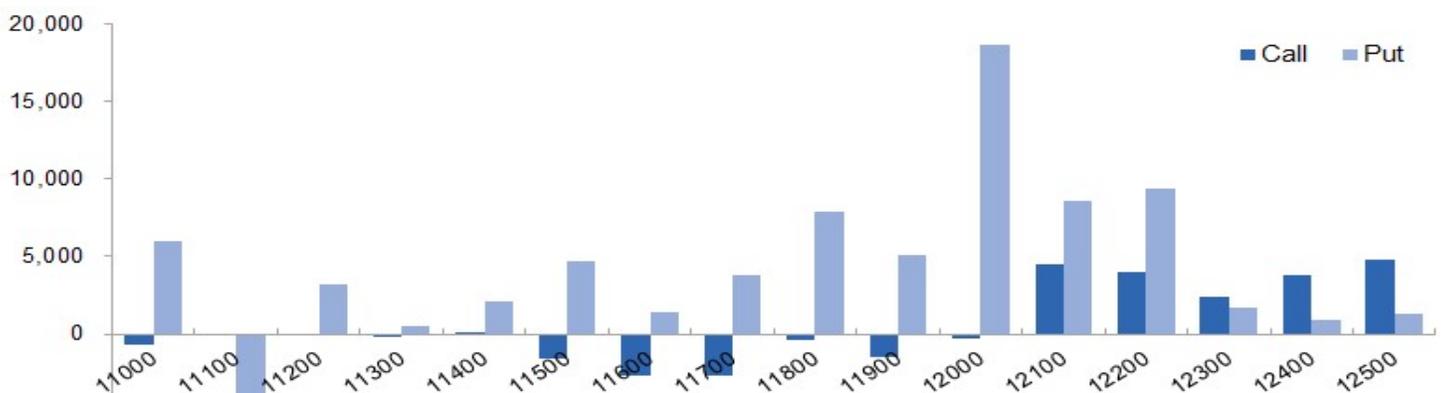
### Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
ICICIGI	164050	192.42	1264.60	1.92
VOLTAS	3469000	92.19	755.35	6.86
ADANIPTS	46957500	66.28	372.20	3.37
CHOLAFIN	6342500	47.84	303.00	11.62
RBLBANK	20238500	42.77	194.00	11.02

### Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
GODREJPROP	1634750	129.26	947.55	(8.29)
PETRONET	11172000	78.78	226.85	(1.03)
CONCOR	6724026	26.05	376.30	(3.49)
INFRADEL	13762000	21.84	180.25	(2.83)
IDEA	361200000	21.24	8.65	(2.26)

### Weekly change in OI



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