

Benchmark still eyeing 200 SMA at 10750

Sensex (35159) / Nifty (10585)

NSE_DLY:NIFTY, 1D 10585.20 ▼-13.20 (-0.12%) O:10614.70 H:10619.55 L:10544.85 C:10585.20



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Source: Trading View

Future outlook

Last week's spectacular recovery was followed by two consecutive muted sessions ahead of the Diwali festival. Index remained in a slender range with no real momentum. However, on the auspicious day of Laxmi Puja, markets opened higher with a decent gap and eventually closed tad below the **10600** mark. The Friday's session turned out to be the lethargic one as market participants' seemed to be in a holiday mood. Eventually, the week ended tad below **10600** by adding marginal gains to the previous week.

This week, our markets managed to extend the relief rally a bit; courtesy to some bump up on the Muhurat trading day. However, generally this tiny session trades with low volumes and hence we should not give much weightage to this price development. In fact, throughout the week there was no major participation seen in the market. Therefore, this truncated week does not contribute anything to our analysis. At this juncture, we still believe that the index is heading towards its cluster of resistance, which is in the zone of **10750 - 10800**. As of now, one should trade with a positive bias but at the same, it's better to start lightening up positions once index reaches this strong hurdle and then wait for further developments to happen on charts. On the lower side, **10540 - 10500** are seen as immediate supports for the index.

Since, the major action was seen outside the index and with Midcap index outperforming our benchmarks, we advise traders to continue with a stock centric approach by adopting a proper exit strategy.

Support base shifts higher

Nifty spot closed at **10585** this week, against a close of **10553** last week. The Put-Call Ratio has increased from **1.53** to **1.60** and the annualized Cost of Carry is positive at **6.33%**. The Open Interest of Nifty Futures increased by **3.05%**.

Derivatives View

Nifty current month future closed with a premium of **38.55** points against a premium of **24.05** points to its spot. Next month future is trading with a premium of **86.60** points.

As far as Nifty options activities for the week are concerned, some build-up was seen in **11000**, **10700** and **10800** call options. On the flip side, **10400-10600** put options added decent amount of positions. Maximum open interest for November series now stands at **11000** followed by **10800** call and **10000** followed by **10200** put options.

The benchmark indices traded in a narrow range in the truncated week. The Nifty traded firmly around the 10600 mark on the Muhurat trading session as well as on Friday. We witnessed addition of another 3% in OI in Nifty. Meanwhile, we also saw decent writing in **10500** and **10600** put options indicating that the support base is shifting higher. Considering the above data points, we expect continuation of recent upmove towards **10750-10800**; hence, traders are advised to continue holding longs until we see any change in data.

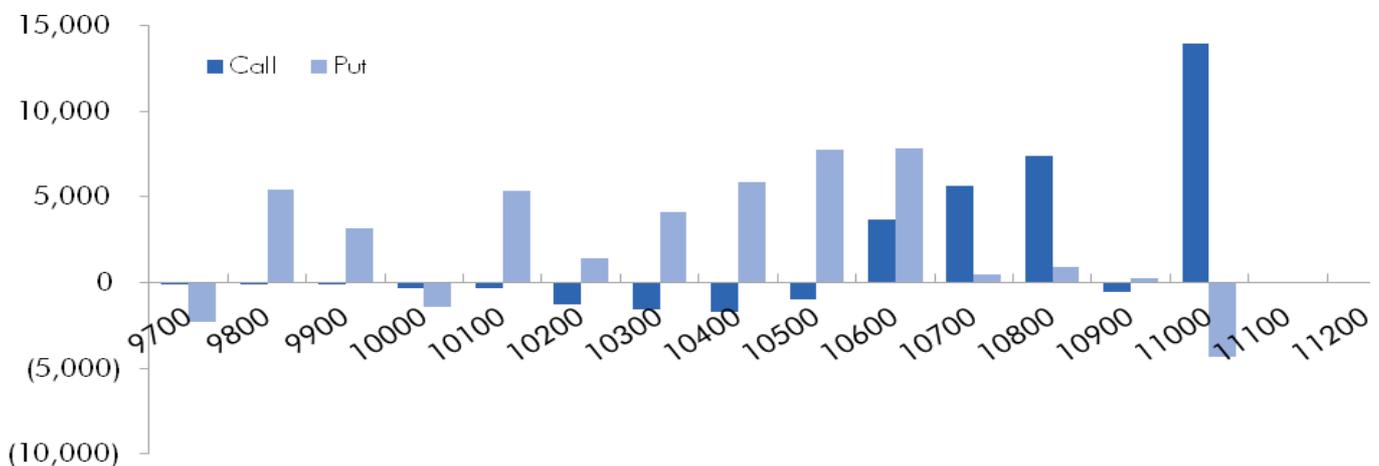
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
ORIENTBANK	12361000	24.03	87.85	10.92
TORNTPOWER	2817000	21.01	269.60	4.62
DIVISLAB	3928800	16.07	1552.70	3.31
NHPC	22221000	14.78	26.35	8.21
JETAIRWAYS	6693000	13.19	258.00	12.42

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
BALKRISIND	2981600	89.77	935.20	(16.00)
INDIANB	6024000	48.30	229.55	(7.70)
CIPLA	11346000	30.85	529.70	(13.11)
SUNTV	7987000	18.38	622.95	(6.34)
VEDL	37377000	9.87	209.75	(7.52)

Weekly change in OI



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