

## Floodgate finally opens for 12400 – 12500

### Sensex (41600) / Nifty (12257)

NSE:NIFTY, 1D 12256.80 ▲ +40.90 (+0.33%) O:12271.00 H:12311.20 L:12213.20 C:12256.80



 TradingView

Source: Trading View

### Future outlook

Towards the fag end of the previous week, the tensions between US and Iran arose from nowhere and the small trailer of it was seen on Friday (January 03) itself. However, the real repercussion of this development was seen on the first trading day of the week gone by. We had a massive cut of nearly two percent to test sub-**12000** levels. This continued till Wednesday's opening point as things started to look extremely scary. Fortunately, things cooled off with respect to this as no follow up action was seen from both countries thereafter. This resulted into a v-shaped recovery in our market after an overreaction seen in the first half. Eventually, Nifty managed to close in the positive territory and now, knocking on the doors for new milestones.

The action packed week with wild swings finally ended in the favour of mighty bulls and going by the famous phrase 'All's well that ends well', the wider smile is back on the faces of market participants. This Friday, we continued our northward trajectory and with the help of complete gush, managed to clock fresh record highs beyond **12300**. However, due to decent profit booking in the latter half, Nifty came off considerably from highs but not to worry, the overall structure still looks sturdy. Once we manage to reclaim **12300** again, we will not be surprised to see index heading towards next milestones of **12400 – 12500** in the forthcoming week itself. On the lower side, **12200** followed by **12140** would be seen as immediate supports.

Traders are advised not to be adventurous by taking positions against the major direction. We have already seen the consequences of shorting this market in the week gone by. However, the real highlight was the sheer outperformance of the mid and small cap baskets. We have been quite vocal on this space of late and the way it's shaped up, we expect stellar moves from the broader end of the spectrum. Do watch out for potential candidates from this universe along with the 'Auto' counters who are poised for good moves in the near future.

## Massive writing in 12200-12300 put options

Nifty spot closed at **12256.80** this week, against a close of **12226.65** last week. The Put-Call Ratio has increased from **1.37** to **1.55**. The annualized Cost of Carry is positive at **4.94%**. The Open Interest of Nifty Futures has increased by **13.16%**.

### Derivatives View

Nifty current month future closed with a premium of **33.20** points against a premium of **29.80** points to its spot. Next month future is trading with a premium of **73.90** points.

As far as Nifty options activities for the week are concerned, we saw fresh build-up in **12400-12500** call options followed by unwinding in **12700-12800** strikes. On the other side, fresh writing was seen in **11800-12200** put options. Maximum open interest for the monthly series now stands at **12000** put and **12500** call option.

We began the week with a downside gap on account of the rising geopolitical conflicts and then the selling aggravated to plunge below the important psychological support zone of 12000 mark. In the next two sessions, we saw an extension of this selling almost towards 11900 mark; however, we witnessed a V-shaped recovery on Wednesday's session. Then we saw fresh buying interest in the next two sessions to eventually conclude the week on a positive note. In F&O space, we witnessed fresh long formation in both the indices. At the same time, call writers covered their positions and added fresh longs in 12400-12500 strikes. The put writers of the weekly series shifted the base higher from 12000 to 12200 strike, which is again a sign of further strength. Analyzing the above data points, we expect a continuation of last week's rally towards 12400-12500.

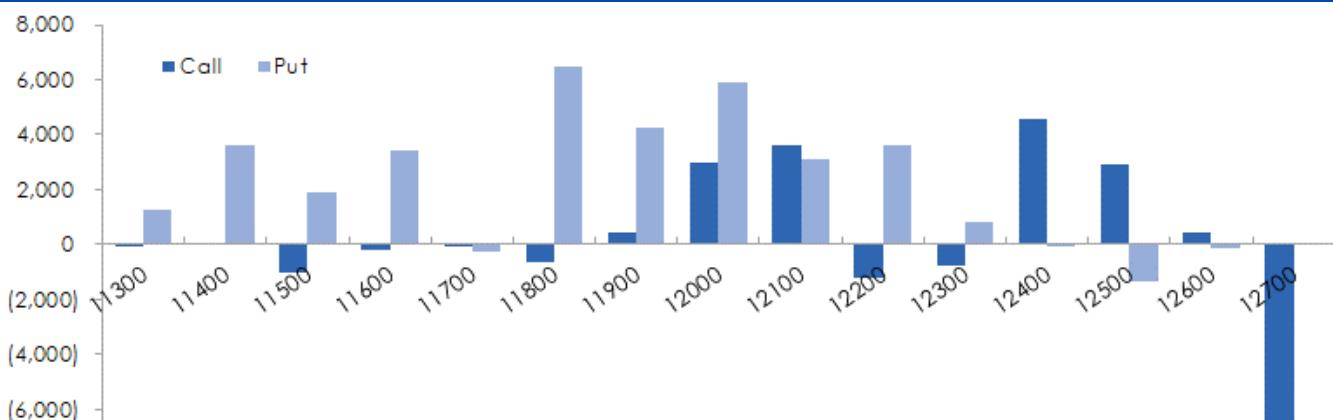
### Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
V	7124400	45.34	465.10	7.71
NIITTECH	784875	27.39	1711.05	4.80
L&TFH	36327200	18.55	121.90	2.83
GMRINFRA	188595000	14.38	24.05	5.48
JINDALSTEL	29545000	13.77	177.45	2.99

### Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
BIOCON	13648200	23.99	281.45	(6.88)
MGL	2133000	16.71	1007.05	(5.56)
GLENMARK	6798400	15.23	348.05	(1.69)
EICHERMOT	352680	14.34	20537.05	(3.64)
ASHOKLEY	64528000	12.65	81.75	(2.79)

### Weekly change in OI



**Technical and Derivatives Team:**

Sameet Chavan	Chief Analyst – Technical & Derivatives	sameet.chavan@angelbroking.com
Ruchit Jain	Technical Analyst	ruchit.jain@angelbroking.com
Rajesh Bhosale	Technical Analyst	rajesh.bhosle@angelbroking.com
Sneha Seth	Derivatives Analyst	sneha.seth@angelbroking.com

For Technical Queries E-mail: [technicalresearch-cso@angelbroking.com](mailto:technicalresearch-cso@angelbroking.com)

For Derivatives Queries E-mail: [derivatives.desk@angelbroking.com](mailto:derivatives.desk@angelbroking.com)

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