

Mild hiccups at record highs, avoid aggressive longs overnight

Sensex (46099) / Nifty (13514)

NSE:NIFTY, 1M 13513.85 ▲ +35.55 (+0.26%) O:13062.20 H:13579.35 L:12962.80 C:13513.85



TradingView

Source: Trading View

Future outlook

The merry run continues across the globe and it's been nearly one and half months now, markets are just continuing their gravity defying moves. This week, our markets kickstarted the week on a flat note but immediately resumed its upward momentum. For the subsequent two trading sessions, the rally continued and in the process, Nifty kept posting new record highs one after another. The similar sort of one sided move was missing in the latter half of the week as markets saw some volatile swings to test the **13400** mark. Eventually, due to late recovery on both the occasions, Nifty managed to close tad above **13500** on Friday with weekly gains of nearly two percent.

This week, our markets reached yet another milestone of **13500** with ease and few heavyweight themes did well to guide markets at new record highs. Since we are trading in an uncharted territory, sky's the limit for our market; but in our sense, we have now reached the extreme zone, at least for the current vertical move. With a broader view, **14000** and beyond levels are very much possible, but for a time being; **13500 - 13600** are the extreme levels as per few key Fibonacci ratios. Let's see why these levels are considered important. The 'Golden Ratio' (161%) on the 'Price Extension' of the recent previous up move is placed at current levels. This level coincides with the 200% 'Price Extension' of the first up leg from March lows. More importantly, if we connect all important highs from March 2015 on the monthly chart, we can see a 'Multi-year Upward Sloping Trend Line' precisely converging around the same levels. Hence, some cooling off around this crucial junction cannot be ruled out.

Yes, we agree to the fact that a strong trend up or down, doesn't necessarily follow any theory. But there is no harm being a bit conservative at times. Hence, since the last 3 - 4 days, we have been continuously advising booking profits in the rally and avoiding aggressive bets overnight. On the daily chart, we can now see a 'Dragonfly Doji' pattern and with the last two day's intraday swings, **13400** has become a crucial support. The moment Nifty slides and sustains below this point (which is possible anytime soon), we would see the market experiencing some decent profit booking towards **13100 - 12900** in days to come.

FII's equity buying continues, prefers some profit booking in Futures

Nifty spot closed at **13513.85** this week, against a close of **13258.55** last week. The Put-Call Ratio has decreased from **1.57** to **1.52**. The annualized Cost of Carry is positive at **0.61%**. The Open Interest of Nifty Futures has decreased by **0.55%**.

Derivatives View

Nifty current month future closed with a premium of **4.50** points against a premium of **53.05** points to its spot. Next month future is trading at a premium of **43.10** points.

As far as Nifty options activities are concerned, 13500-13800 call options witnessed some open interest addition. On the flipside, 13400-13200 put options too witnessed open interest addition. Maximum open interest for the weekly series is placed at 14000 call and 12500 put options. In weekly options, 13500 and 13600 call options have good amount of open interest outstanding and has seen decent writing in last couple of sessions, while 13500 put too has decent open interest outstanding.

We had a positive start for the week and Nifty rallied higher to register new record highs above 13500 mark. In last couple of sessions, we witnessed some volatility but still, the index managed to end on a strong note above 13500. FII's were buyers in the cash segment throughout the week, but they preferred to book some profits in the index futures segment. Also, one of the notable data was the premium in Nifty futures which reduced sharply on Friday. The overall data indicates that the trend still continued to be positive, however 13600 would be resistance for the coming week which needs to be surpassed for a continuation of the upmove. On the flipside, 13400 becomes a crucial support which if breached, it could then result into a decent profit booking. Traders are advised to keep a watch on the above mentioned levels and lighten up longs if the index breach the support of 13400.

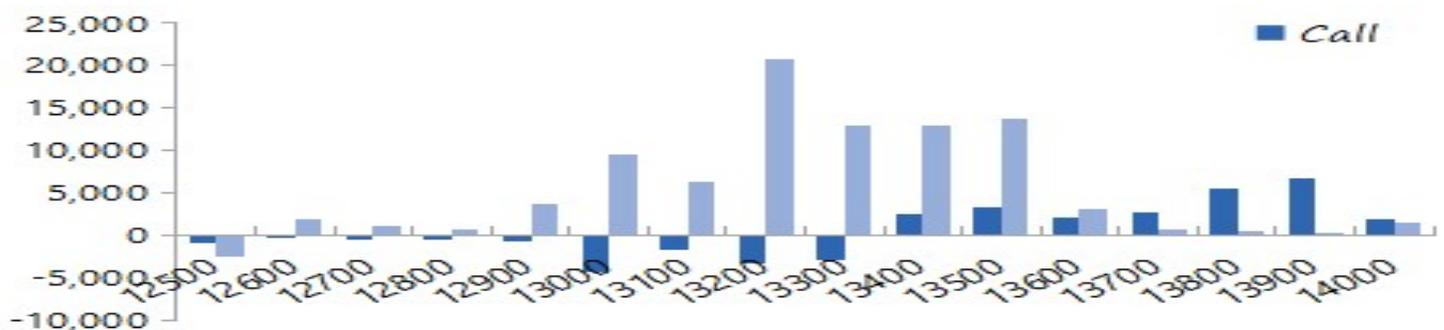
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
PNB	109364000	42.43	39.20	9.50
GLENMARK	7059850	30.20	529.40	4.52
ONGC	51813300	27.83	97.25	7.94
SAIL	90174000	17.85	58.05	5.26
GAIL	24210900	17.53	126.45	5.68

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
CONCOR	11674047	50.74	401.95	(3.19)
ACC	3553500	24.82	1616.55	(3.51)
POWERGRID	19112000	23.62	189.65	(2.22)
RAMCOCEM	1468800	13.83	846.65	(5.38)
ESCORTS	2751650	13.45	1365.95	(4.85)

Weekly change in OI



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