

Nifty reclaims 9900 with some authority

Sensex (33781) / Nifty (9973)

NSE:NIFTY, 1D 9972.90 ▲ +70.90 (+0.72%) O:9544.95 H:9996.05 L:9544.35 C:9972.90



Source: Trading View

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Future outlook

This week we started proceedings with a good bump up on Monday, owing to favorable global cues. However, this ecstasy was short lived as we witnessed a gradual profit booking thereafter. Until Thursday's first half, index kept gyrating in a very slender range but post the deferment of Supreme Court's verdict with respect to AGR dues, markets joined hands with global peers. And since they were trading deeply in red, the Nifty breached the support of **10000**. In fact, things worsened when US markets plunged more than 5% on Thursday. This resulted in a massive gap down opening in our markets on Friday. Fortunately, our markets saw a v-shaped recovery throughout the remaining part to conclude the day marginally in the green and thereby restricting weekly losses to a couple of percent.

Barring last two sessions, our market was undergoing a consolidation phase, but the range widened a bit towards the fag end. Broadly speaking, in the midst of all this, our markets retraced recent up move and managed to reclaim the crucial support of **9900** in a matter of a few trading hours. If you refer to our recent articles, for us, the trend changing level was **9900** and although it was breached intraday, we will give more weightage for closing levels. Nifty has not only reclaimed it on a daily basis but with Friday's close, it has been defended on a weekly basis as well. Hence, we continue to remain upbeat and construe this decline as a retracement of the recent up move, which was very much needed to provide the strength for the next leg of the rally. As far as supports are concerned, **9900** continue to be seen as key support on closing basis. But with today's move, we can mention a slightly bigger support zone of **9900 – 9544** for the coming week.

On the flipside, we expect Nifty to again go back to recent highs of **10150 – 10300** or may even head towards **10600 – 10800** levels. One of the key rationales behind this hypothesis is the overall positioning of the Bank Nifty. Couple of weeks back, we could see confirmation of a positive crossover in 'RSI-Smoothened' on the weekly chart. Historically it's proven that when this kind of crossover happens in this oscillator, it has the tendency to give bigger moves and hence, this observation is adding conviction to our optimistic stance. Also, it would be unfair not to throw some light on the 'Midcap' index, which has given a remarkable move on Friday and thereby indicates a strong move in the offing.

Options data hints support at 9500

Nifty spot closed at **9972.90** this week, against a close of **10142.15** last week. The Put-Call Ratio has decreased from **1.50** to **1.47**. The annualized Cost of Carry is negative at **4.94%**. The Open Interest of Nifty Futures has increased by **4.52%**.

Derivatives View

Nifty current month future closed with a discount of **17.55** points against a premium of **3.35** points to its spot. Next month future is trading at a premium of **26.50** points.

As far as Nifty options activities for the week are concerned, we witnessed some open interest addition in 9900-10300 call options. On the flipside, 9800-9600 put options also saw some open interest addition. Maximum open interest for the weekly series is at 10000 call option and 9500 put option.

Nifty started trading for the week on a positive note around 10300, but we witnessed a gradual decline during the week to breach the 10000 mark. On the last trading session of the week, Nifty opened gap down around 9550 due to negative global cues, but it recovered to erase all the day's losses and ended the week at 9973. FIIs turned net sellers in cash segment in last three sessions while they were sellers in the index futures segment too. The weekly options data hints a support at 9500 and resistance at 10000 mark. At the fag end of the week, we saw a good momentum in the market post the gap down opening. A move above 10000 could then lead to some unwinding by the call writers which could propel the indices higher. Hence, traders are advised to trade with a positive bias and avoid taking contra trades.

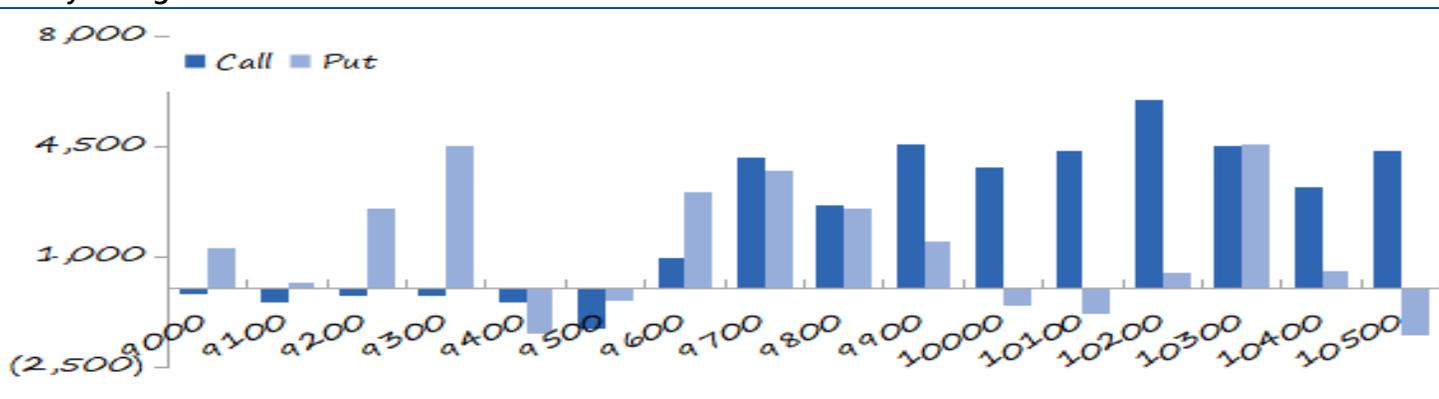
Long Formation

| Scrip | OI Futures | OI Chg (%) | Price | Price Chg (%) |
|------------|------------|------------|--------|---------------|
| CHOLAFIN | 7622500 | 32.34 | 160.45 | 10.24 |
| MUTHOOTFIN | 1761750 | 29.35 | 981.05 | 6.84 |
| CADILAHC | 7453600 | 20.57 | 374.40 | 4.19 |
| M&M | 17073400 | 16.34 | 508.85 | 4.84 |
| INDUSINDBK | 24716000 | 15.02 | 528.90 | 24.99 |

Short Formation

| Scrip | OI Futures | OI Chg (%) | Price | Price Chg(%) |
|------------|------------|------------|---------|--------------|
| EXIDEIND | 8283100 | 20.80 | 154.80 | (10.83) |
| INFRATEL | 10143600 | 19.71 | 224.55 | (5.15) |
| PIDILITIND | 2862500 | 18.11 | 1434.80 | (5.03) |
| TATASTEEL | 23590500 | 15.39 | 317.50 | (6.52) |
| COALINDIA | 37542400 | 9.89 | 134.85 | (7.19) |

Weekly change in OI



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