

15400 becomes a sturdy wall, key supports at 14925 - 14850

Sensex (50792) / Nifty (15031)

chart55 published on TradingView.com, March 12, 2021 12:42:31 UTC
 NSE:NIFTY, 1D 15030.95 ▼ -143.85 (-0.95%) O:15321.15 H:15336.30 L:14953.60 C:15030.95



TradingView

Source: Trading View

Future outlook

Trading for the week started on a flat note but as the week progressed, we witnessed a gradual up move in the market. The optimism in global peers (especially the US bourses) was the main catalyst behind this strength in our markets. Almost each session during the week started with a decent upside gap and importantly, it managed to hold on to it. The similar sort of strength was visible on Friday as well at the opening as Nifty was very much on the move towards its record highs. However, all of a sudden traders chose to take some money off the table and hence post the mid-session, we witnessed a sharp decline to not only pare down all gains but also to sneak well inside the negative terrain.

Barring second half of Friday, market almost had a unidirectional move throughout the truncated week. However, post the gap up, we did not see any major action in indices as they kept oscillating within a small range by maintaining their positive posture. The real action was seen in individual themes which also were missing on Friday. Now with Friday's move, 15200 – 15400 has become a sturdy wall for Nifty and it would really be a daunting task surpassing this in the absence of any major trigger on the global as well as domestic front. On the flipside, the key support is placed at 14925 – 14850. A sustainable violation of these supports would lead to extended correction and in that case we may see Nifty sliding towards 14700 or may even test recent swing low of 14467. If we meticulously observe the hourly chart, a breakdown from the 'Rising Wedge' pattern is clearly visible, which certainly does not bode well for the bulls. All eyes would be on the global peers as they play a vital role in dictating the near term direction for our market.

On Friday, most of the sectoral indices too saw some decent profit booking. The banking and midcap indices are placed at a crucial support. It would be interesting to see how they behave in the beginning of the forthcoming week. Apart from this, the 'Volatility Index (VIX)' which had cooled off this week and sneaked below the 19 mark, again surged to reclaim the 21 level. Further spike in this fear index could lead to higher volatility in our market. Hence, traders are advised to stay light and should keep a close tab on all the above mentioned levels.

Short formation in banking index towards end of the week

Nifty spot closed at **15030.95** this week, against a close of **14938.10** last week. The Put-Call Ratio has decreased from **1.12** to **1.02**. The annualized Cost of Carry is positive at **3.82%**. The Open Interest of Nifty Futures has decreased by **6.70%**.

Derivatives View

Nifty current month future closed with a premium of **5.45** points against a premium of **14.95** points to its spot. Next month future is trading at a premium of **76.20** points.

In options segment, fresh build-up was seen 15400-15500 call options. On the other side, 14800-14700 puts witnessed some unwinding of positions. Maximum open interest for the weekly series in nearby strikes is placed at 15300 call and 15000 put options.

During the week, we saw a gradual upmove in markets ahead of the mid-week holiday. Nifty opened with a gap up above 15300 on Friday, but suddenly it corrected sharply in the later half to conclude the week just above the 15000 mark.

We witnessed some short covering moves in the Nifty during the week as the index rallied; while no major build-up was seen in Bank Nifty till Wednesday. However, when the markets corrected in the later half on Friday, traders preferred to form short positions in the banking index where a rise in open interest was seen. FI's preferred to lighten up some of their positions in index futures during the week. In the options segment, 15300 call option of the weekly series has seen a good open interest build up, indicating aggressive call writing at this strike, while 15000 put option has decent OI outstanding. In case the Nifty breaches Friday's low of 14950, then we could see unwinding of positions by the put writers of weekly as well as monthly series. Looking at the above data, we advise traders to stay light on positions and any pullback towards 15200-15300 if seen, should be used as a shorting opportunity. On the flipside, a move below 14950 could drag the index towards its next support zone of 14800-14700.

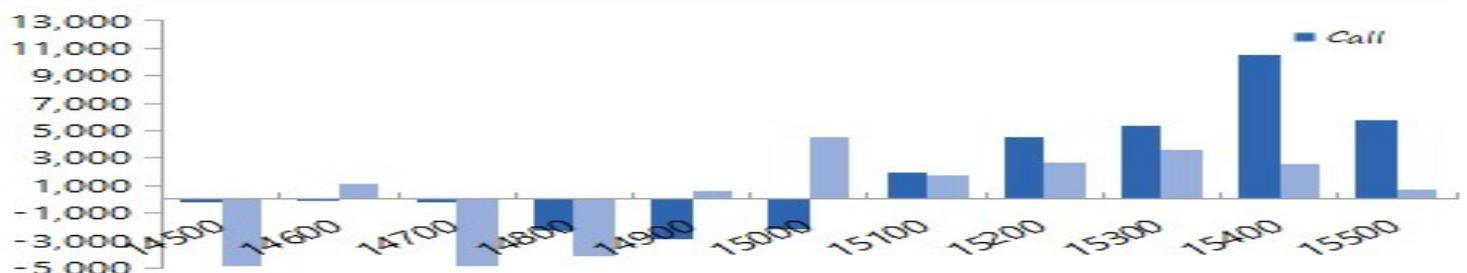
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
MINDTREE	1583200	30.37	1881.65	8.57
COFORGE	339750	14.11	2731.30	5.96
PFC	40430200	10.56	138.25	7.21
BHEL	130221000	7.56	53.60	2.10
TATAPOWER	154359000	6.01	113.75	5.37

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
ASHOKLEY	52452000	28.51	122.50	(3.43)
TVSMOTOR	4432400	27.00	587.50	(5.18)
BEL	41648000	24.80	140.10	(4.66)
HINDALCO	30508500	19.52	331.95	(2.21)
ICICIPRULI	7753500	18.18	462.65	(4.78)

Weekly change in OI



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