

## 11600 becomes a key support

### Sensex (39983) / Nifty (11762)

NSE:NIFTY, 1D 11762.45 ▲ +82.10 (+0.7%) O:11727.40 H:11789.75 L:11667.85 C:11762.45



TradingView

Source: Trading View

### Future outlook

This week's price action can be divided into two parts where the first half was more of a consolidation with no major movement and the latter one brought some volatility in the market. We managed to clock the psychological mark of **12000** but failed to sustain there. In fact, due to sudden sell off in global markets on Thursday on the fears of a second wave of coronavirus hitting the major European countries, we witnessed a sharp decline in our markets. Fortunately, there was no follow through to this as we saw modest recovery to end the week well above **11700**.

In the last couple of weeks, we have seen a remarkable recovery in our market after testing the 200-SMA level of **10800**. Since the move was extremely swift and markets had a winning streak of 10 straight sessions before Thursday, any uncertainty was likely to trigger profit booking and this is exactly what we have seen. Now, purely looking at charts, this down move should only be interpreted as a pull back towards the recent trend line breakout points. This coincides with the 20-day EMA level of **11600**. Hence, all eyes would be on this level in the forthcoming week. However, since the fall has to do with the global uncertainty, it would be important to see how things pan out there and if things worsen, we may see the market correcting further. A close below **11600** would apply brakes on the recent optimism and we may then see some extended correction in the market. Till then there is no reason to worry as we may see markets resuming the strength beyond **11850-11900** to surpass the **12000** mark convincingly.

In the week gone by, we witnessed some sectoral shift in the market in the second half. The recent outperforming IT space had seen some decent profit booking along with Reliance; whereas on the other side, the banking which was considered to be a laggard has shown some serious strength to support the market. Hence going ahead, if Nifty has to resume the uptrend, the banking clearly plays a vital role in this. Apart from this, Midcaps are yet to perform and hence, the breakout in this index should bring back some excitement in the traders' fraternity.

## Market declines merely on profit booking

Nifty spot closed at **11762.45** this week, against a close of **11914.20** last week. The Put-Call Ratio has decreased from **1.60** to **1.31**. The annualized Cost of Carry is positive at **0.64%**. The Open Interest of Nifty Futures has decreased by **5.60%**.

### Derivatives View

Nifty current month future closed with a premium of **2.70** points against a premium of **15.60** points to its spot. Next month future is trading at a premium of **27.20** points.

As far as Nifty options activities are concerned, 11700-12200 call options added open interest whereas 11700-11600 put options too witnessed addition of positions. Maximum open interest for the weekly series is at 12000 call and 11000 put options.

We started the week around the 12000 mark and the index then consolidated within a range of 200 points for initial three trading sessions. However, on the weekly expiry session, the global markets were trading with deep cuts and thus, traders preferred to book profits on the long positions. Our markets too corrected sharply and ended the weekly expiry below 11700 mark. On Friday, Nifty recovered marginally but still, it ended the below 11800. The indices corrected mainly due to profit booking as the open interest in both Nifty and Bank Nifty declined by over 5 percent. FIIs too unwound some of their longs in the index futures segment and their 'Long Short Ratio' now stands at 66 percent. For the coming week, the data indicates a probable trading range of 11700-12000 for Nifty and a breakout beyond this range could then lead to some directional move. Till the index consolidates within this range, traders are advised to look for stock specific trading opportunities and take aggressive trade only on a breakout from the range.

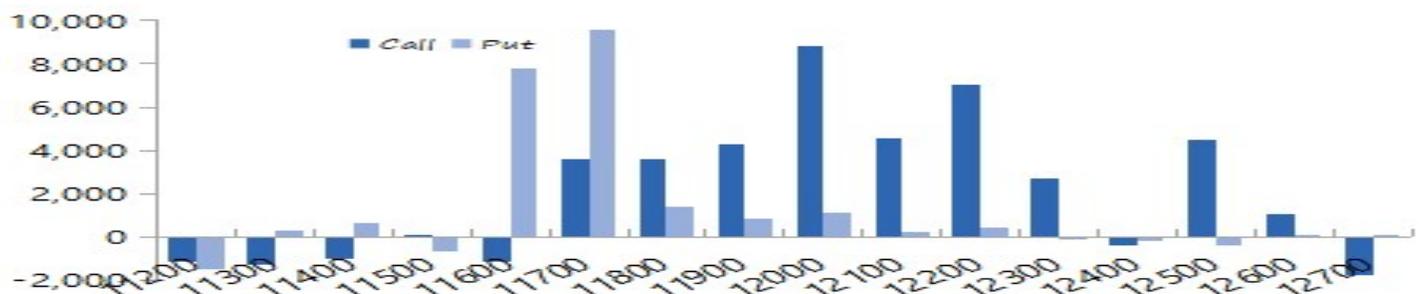
### Long Formation

Scrp	OI Futures	OI Chg (%)	Price	Price Chg(%)
ACC	2334000	25.35	1566.00	3.76
AMBUJACEM	18123000	15.18	248.65	3.60
MUTHOOTFIN	3799500	11.93	1185.60	3.27
DLF	31270800	6.54	163.35	3.58
NAUKRI	665250	5.68	3607.30	3.96

### Short Formation

Scrp	OI Futures	OI Chg (%)	Price	Price Chg(%)
UPL	13509600	38.06	468.60	(6.20)
GODREJCP	5773000	19.52	679.15	(6.06)
VEDL	80668200	12.38	95.25	(21.64)
BANKBARODA	50462800	11.79	40.50	(8.99)
ZEEL	35559000	9.63	176.35	(12.13)

### Weekly change in OI



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