

## 11000 merely a formality, stay upbeat and keep booking timely profits

### Sensex (37020) / Nifty (10902)

NSE:NIFTY, 1D 10901.70 ▲ +161.75 (+1.51%) O:10752.00 H:10933.45 L:10749.65 C:10901.70



TradingView

Source: Trading View

### Future outlook

It was indeed an action packed week for our markets, rather, we should say for global markets. Trading started on Monday with a decent upside gap owing to favorable global cues. However, this turned out to be a formality as index gave up a major portion of its morning gains. This was followed by a bout of profit booking to mark one of the weakest sessions in the recent past. But the real action started from there on. On the following day, we witnessed a massive bump up at the opening; courtesy to smart rallies in global peers after the recent development on the vaccine. Everything looked hunky dory but post Reliance AGM; the stock took a nosedive and so as our markets. We were back to **10600** but again the market had completely different plans as we witnessed a smart recovery first and then a consistent rally to conclude the week at new 4-months high.

Our markets saw a roller-coaster move throughout this week; in fact during the day also swings were wild, barring Friday's session where we witnessed a unidirectional move (northwards). Now let's see what charts have to say for the forthcoming sessions. We had anticipated a possible breakout from the sturdy wall of **10850** during this week. Honestly we expected it in the initial part of the week but we went through a correction first and hence, the conviction became stronger during the midst of the week about Nifty surpassing hurdle soon. Finally with Friday's late surge in banking conglomerates, Nifty has confirmed a breakout above **10850**, which resembles a 'Bullish Flag' pattern on daily chart. Now, the banking seems to have regained strength which we believe should lead the move in the forthcoming week. As far as levels are concerned, the up move should ideally get extended towards the 78.6% retracement zone at **11100 – 11200**.

In the previous weekly commentary, we had mentioned these levels and anticipated a possible correction after reaching these levels first. But since we have already seen a small decline early this week, we will have to reassess the situation whether the markets have further steam left to go beyond it or not. So from here on, one step at a time is the strategy to follow and better to timely book profits as well in the rally. Traders are advised to keep following stock specific moves and the base now remains at **10660 – 10560**.

## Options data hints 11200 levels for coming week

Nifty spot closed at **10901.70** this week, against a close of **10768.05** last week. The Put-Call Ratio has increased from **1.47** to **1.75**. The annualized Cost of Carry is positive at **0.24%**. The Open Interest of Nifty Futures has decreased by **7.07%**.

### Derivatives View

Nifty current month future closed with a premium of **3.35** points against a discount of **1.40** points to its spot. Next month future is trading at a premium of **13.50** points.

As far as Nifty options activities for the week are concerned, we witnessed some open interest addition in 10900-11100 calls and in 10800-10500 put options. Maximum open interest for the weekly series is at 11200 call option and 10700 put option.

Nifty started the week on a positive note around 10850, however, it corrected from there upto 10600-10550 in just couple of sessions. The index then oscillated within a range during mid-week and it rallied sharply on Friday to conclude the week above 10900 mark. During this week, both Nifty as well as BankNifty witnessed unwinding of some positions as the open interest reduced by about 7% in both the indices. FI's formed some short positions index futures at the start of the week, but they covered their shorts and formed some longs in last couple of sessions; their 'Long Short Ratio' now stands above 53 percent. In the weekly options segment, good open interest addition was seen in 11200 call option on Friday; rise in open interest along with price upmove indicates long formation in this strike. On the flipside, 10800 and 10700 put options witnessed fresh addition indicating put writing as the index rallied higher. The above data indicates higher probability of further upmove towards 11200 in the coming week, while 10800-10700 would be seen as support. Hence, traders are advised to trade with a positive bias.

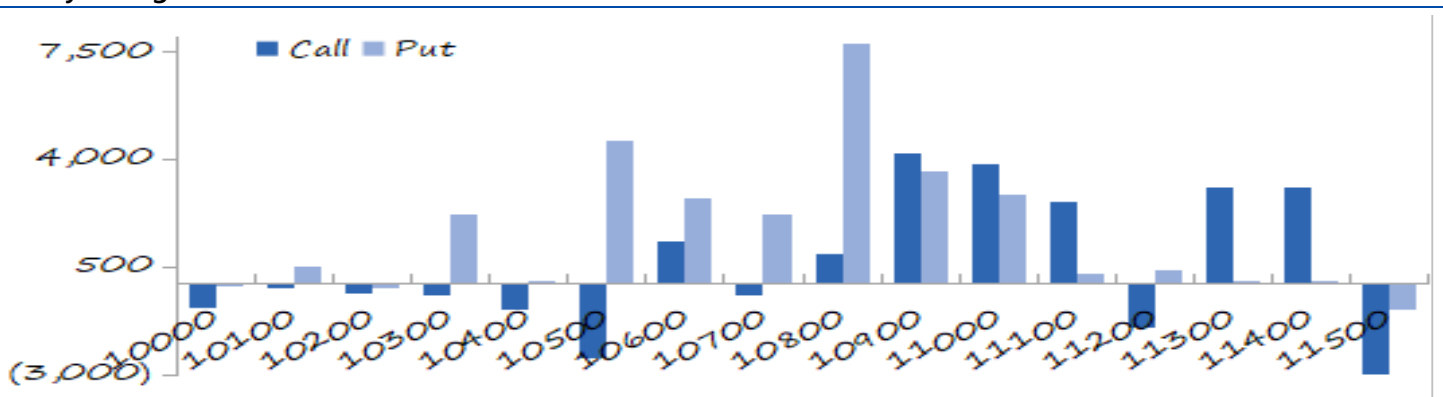
### Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
CADILAHC	9741600	38.16	378.70	5.77
CONCOR	7171044	32.83	450.55	4.51
RAMCOCEM	1278400	17.78	661.65	2.73
WIPRO	30857600	12.22	261.80	17.40
VOLTAS	3698000	10.19	578.70	2.45

### Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
BHEL	63609000	29.89	38.50	(7.56)
ZEEL	23364000	15.82	158.00	(7.17)
IBULHSGFIN	12424800	15.11	222.30	(5.81)
INFRATEL	14210000	13.05	198.95	(5.15)
RBLBANK	23049000	10.59	169.75	(6.24)

### Weekly change in OI



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