

10740-10700 crucial support

Sensex (35742) / Nifty (10754)

NSE_DLY:NIFTY, 1D 10754.00 ▼ -197.70 (-1.81%) O:10944.25 H:10963.65 L:10738.65 C:10754.00



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Future outlook

Since the election outcome, our markets were on a roll and have been outperforming the global peers. In this period, DOW JONES corrected nearly **1700** points and we completely shrugged off this cues by marching gradually towards the **11000** mark. However, as we all know, markets are full of surprises and this is what we witnessed on the last day of the week. Without anyone knowing, our markets had a nosedive throughout the day to snap more than 200 points to conclude the week on a weak note.

Technically speaking, the structure remains bullish as long as Nifty remains above **10740 – 10700** on a closing basis. However the velocity at which our markets corrected today, it looks quite intimidating. Hence, it would be important to see how index behaves in first half of the week around this mentioned support zone. On the upside, if it has to regain strength, index needs to surpass and stay beyond the **10900** mark. Considering the higher volatility, traders are advised to remain light on positions and should focus on individual stocks. The banking index which has been the charioteer in the recent run, corrected substantially to close around its key levels. Hence, banking basket is likely to play a vital role in the coming week. Also, we saw midcap index surpassing its recent swing high, has seen some profit booking on Friday.

A prudent strategy in such kind of scenario is to follow strict stop losses for existing positions and better to avoid taking undue risks till the time volatility subsides.

Traders preferred to lighten their positions

Nifty spot closed at **10754.00** this week, against a close of **10805.45** last week. The Put-Call Ratio has decreased from **1.53** to **1.28**. and the annualized Cost of Carry is positive at **7.64%**. The Open Interest of Nifty Futures increased by **12.21%**.

Derivatives View

Nifty current month future closed with a premium of **13.50** points against a premium of **14.85** points to its spot. Next month future is trading with a premium of **57.95** points.

As far as Nifty options activities for the week are concerned, some build-up was seen in **10900- 11200** call options. On the flip side, hardly any particular strike added relevant OI; however, decent unwinding took place in **10400-10800** put options. Maximum open interest for December series now stands at **11000** call and **10000** put options.

On Monday, we began the session with an upside gap and tad above the resistance **10840**. This resulted extension of rally towards **11000** mark but strong profit booking around these levels brought index lower to conclude the week with the loss of around half a percent. During the week, except for some long unwinding on Friday, we saw majority of long formations in both Nifty as well as BankNifty last week. Due to Friday's sell-off, we saw decent unwinding in Nifty puts along with massive writing in **10800-11000** call options. Hence, looking at recent development we would advise traders to wait and watch as index is now trading near the support zone of **10700-10750**.

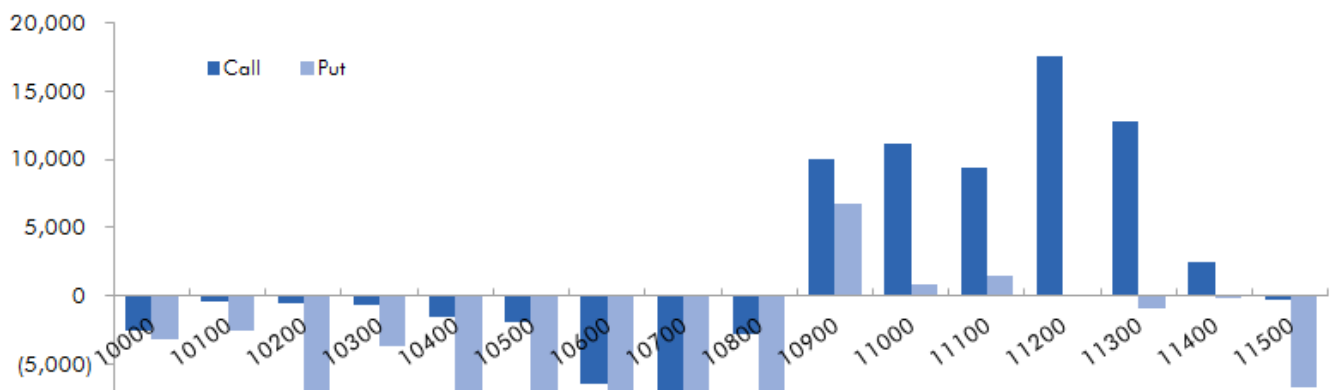
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
UJIVAN	5140800	54.55	275.20	13.55
BEML	1655900	28.28	889.10	13.06
BANKINDIA	26292000	15.44	98.15	11.09
IDFCBANK	152821000	11.26	43.20	10.34
BPCL	17226000	28.84	373.50	9.60

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
INFY	48604800	17.33	646.70	(8.48)
GODFRYPHP	568400	25.12	850.00	(8.42)
ZEEL	14183000	20.94	449.05	(8.24)
TATAELXI	1537200	17.81	999.60	(3.95)
GRASIM	10122000	19.28	816.95	(3.68)

Weekly change in OI



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