

10750 – 10780 acted as a sturdy wall

Sensex (34981) / Nifty (10527)

NSE_DLY:NIFTY, 1D 10526.75 ▼ -73.30 (-0.69%) O:10612.65 H:10646.25 L:10512.00 C:10526.75



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Source: Trading View

Future outlook

We had a gap up opening to begin the trading for the week. The global set up was just perfect for such kind of head start. In the process, the Nifty went on to enter the corridor of uncertainty around **10750 - 10780**. However, as most of the traders were scared of; index saw profit taking after reaching this crucial resistance zone. All three remaining days ended well inside the negative territory and eventually, index closed tad above the **10500** mark.

In our previous article, we had clearly stated about index nearing a cluster of resistance in the zone of **10750 – 10780**. Precisely, this mentioned area turned out to be a culprit as we saw decent profit booking after entering this zone. Now, going ahead, **10500 – 10440** would be seen as a make or break level for the bulls. Traders holding long positions should exit if Nifty remains below the recent swing low of **10440**. On the flipside, **10646 – 10775** is likely to be treated as immediate hurdles. If Nifty has to gain any strength then it has to first overcome this sturdy wall. Till then one needs to stay light on positions and avoid taking undue risks.

The banking index has been bucking the trend; but eventually it succumbed to the strong selling in the broader market. It's trading round crucial support and hence, one needs to closely observe the development in the banking space going forward. In addition, the midcap basket has been struggling to traverse its multiple days' high and hence, the coming week would not be easy for momentum traders to place their bets in the market.

No meaningful OI activity in recent fall

Nifty spot closed at **10526.75** this week, against a close of **10585** last week. The Put-Call Ratio has decreased from **1.64** to **1.46** and the annualized Cost of Carry is negative at **1.02%**. The Open Interest of Nifty Futures decreased by **1.34%**.

Derivatives View

Nifty current month future closed with a discount of **2.05** points against a premium of **5.05** points to its spot. Next month future is trading with a premium of **36.00** points.

As far as Nifty options activities for the week are concerned, some build-up was seen in **10600-10700** call options. On the flip side, we hardly saw any fresh build-up in put options; however, some unwinding took place in **10000** and **10200** strikes. Maximum open interest for November series now stands at **10700** followed by **11000** call and **10000** followed by **9800** put options.

Last week, the benchmark index rallied towards **10750-10800** on Monday but in next three consecutive sessions we saw sharp sell-off to drag index below **10550** mark on the closing basis. Despite such selling, we hardly saw any relevant change in Nifty open interest. On Thursday, index did correct towards **10500** mark but we didn't see any unwinding by put writer of **10500** strike which hold second highest OI. At current juncture, **10450-10500** shall act as an immediate support for index; whereas, **10700-10750** is the hurdle area. Thus, any dip in the coming week shall be an opportunity to add-on fresh longs.

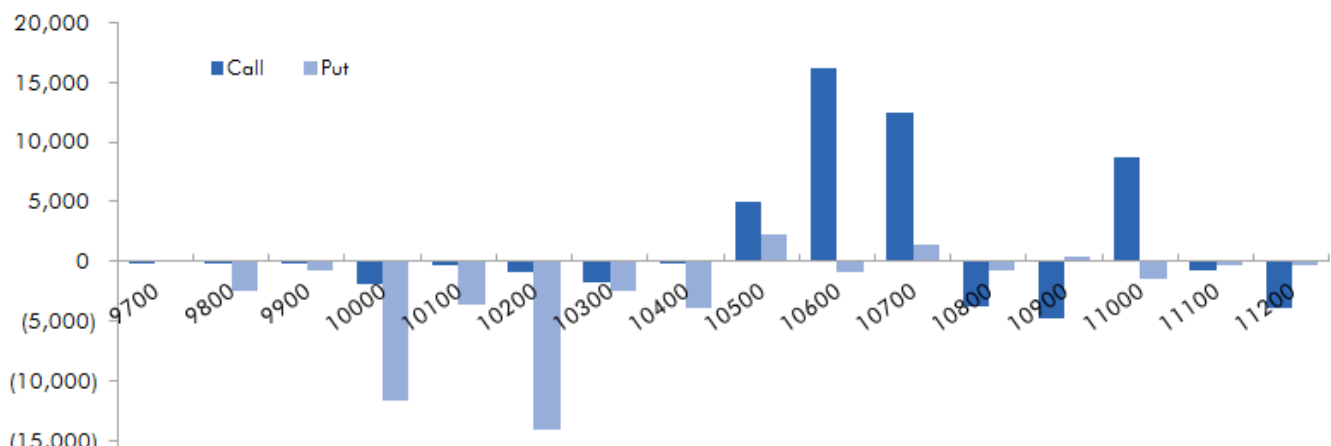
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
DALMIABHA	797400	86.13	2361.35	4.34
MRF	28180	15.82	67570.70	2.79
ALBK	21786000	14.38	45.35	4.25
PIDILITIND	4187500	13.18	1150.00	3.51
JPASSOCIAT	132431000	12.59	7.05	6.02

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
IOC	40536000	45.02	138.30	(3.86)
SIEMENS	2849000	40.72	914.00	(6.50)
ACC	1258800	37.54	1461.80	(3.03)
NTPC	41664000	23.63	146.25	(5.00)
JETAIRWAYS	6184600	21.40	297.40	(7.95)

Weekly change in OI



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