

## Bulls continue to show some resilience, all eyes on 14200 – 14150

### Sensex (47878) / Nifty (14341)

NSE:NIFTY, 1D 14341.35 ▼ -64.80 (-0.45%) O:14326.35 H:14461.15 L:14273.30 C:14341.35



TradingView

Source: Trading View

### Future outlook

Similar to previous week, the markets once again surprised everyone with a huge downside gap on Monday. It seemed as if we were completely decoupled with the global peers as the weak opening had nothing to do with the global cues. Since, we are battling with the mounting concerns over COVID-19 cases in our country; markets are having a kneejerk reaction to this. In the initial trades, the selling augmented to challenge the **14200** mark. Fortunately, market saw some buying interest at lower levels as we did not spend much time below this key support. Similar sort of resilience was being witnessed throughout the remaining part of the week to trim some portion of losses.

Markets are completely clueless which way to move in the near term. At higher levels, we are facing some pressure as the battle continues with respect to the pandemic and on the lower side; bulls are clearly not willing to give up. Hence, it has become very difficult to take any kind of directional call on the market. As far as our recent stance is concerned, we have been quite cautious on the market and despite Nifty still holding on to a key support zone of **14200 – 14150**, we continue to advocate caution till the time some important levels are not surpassed. For Nifty, the immediate resistance zone can be seen around **14575 – 14650**, where a sustainable move beyond **14650** would negate the possibility of further correction to resume the upward trajectory. On the flip side, all eyes on **14200 – 14150** and the more it gets challenged, the higher it creates the possibility of breaching it. Below this, Nifty opens up the downside zone of **14000 – 13700**.

Ideally, the way market is attracting buying interest at the support zone, we should have considered this as an accumulation. But there are a couple of observations that are holding us back and they are, 1) the banking index slipped below its rock solid support of **32400** and till the time it does not reclaim **32500 – 33000** convincingly, it is likely to be the major dragger. 2) Importantly, the overall positioning of the 'NIFTY MIDCAP50' index is completely overlooked by the market participants in general. Last week, we had highlighted about the breakdown from 'Head and Shoulder' pattern in this index and the weekly chart too confirmed a 'Lower Top Lower Bottom' for the first time in this entire marathon rally started last April. All these factors do not bode well for the bulls and hence, till the time we do not see negation of these unfavorable developments, one should continue to remain light on positions.

## Wait for range breakout on either side

Nifty spot closed at **14341.35** this week, against a close of **14617.85** last week. The Put-Call Ratio has decreased from **1.38** to **1.27**. The annualized Cost of Carry is negative at **1.17%**. The Open Interest of Nifty Futures decreased by **4.08%**.

### Derivatives View

Nifty current month future closed with a discount of **2.75** points against a premium of **27.85** points to its spot. Next month future is trading at a premium of **52.60** points.

In options segment, we witnessed decent open interest addition in 14500-15000 calls while 14300-14000 puts too added fresh open interest. Maximum build-up in the monthly series in nearby strikes is placed in 14500 call and 14000 put options.

Nifty started the week with a gap down on worries of rising Covid cases in the country. However, we witnessed swings within a broad range throughout the week where 14200-14150 range acted as a demand zone whereas 14450-14500 acted as a supply zone. Compared to last week, we saw some unwinding of open interest in both the indices while Nifty futures erased all its premiums. FI's sold equities in cash segment throughout the week while in derivatives segment, they lightened up their long as well as short positions of index futures. The stronger hands have not shown any buying interest during the week while they have lightened some of their derivatives positions ahead of the expiry. The options data hints at a broad trading range of 14000-14500 for Nifty. As of now, we expect the index to trade within this range and any move beyond these boundaries would then lead to a directional move.

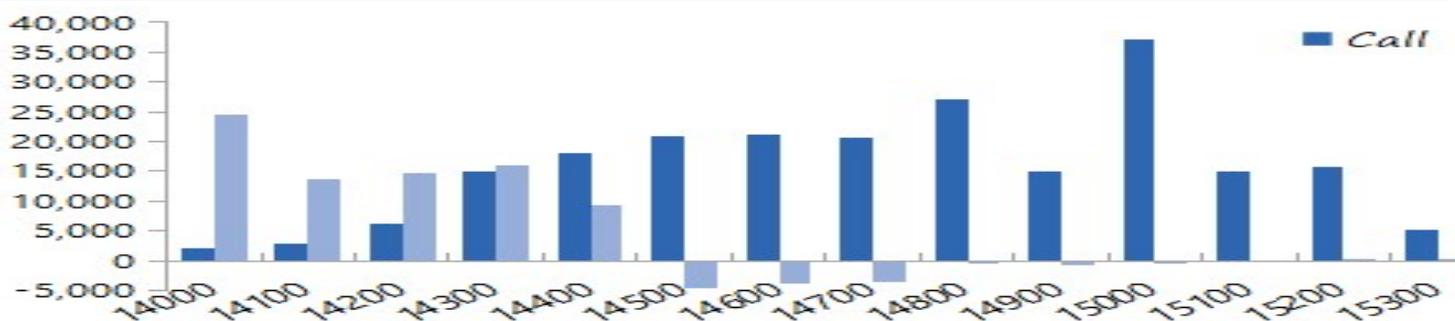
### Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
PVR	2866908	29.39	1118.40	7.08
ICICIPRULI	10144500	21.61	512.15	12.97
CADILAHC	17584600	20.63	572.30	8.10
APOLLOHOSP	2213500	9.77	3206.00	4.66
MUTHOOTFIN	2975250	8.18	1200.30	4.30

### Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
ULTRACEMCO	2644400	34.37	6077.30	(9.84)
ESCORTS	2450800	29.69	1138.00	(8.68)
RBLBANK	29258100	15.74	178.25	(5.24)
HCLTECH	20318900	13.62	950.95	(5.89)
BANKBARODA	142295400	13.60	63.05	(6.59)

### Weekly change in OI



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