

All's well that ends well, hope to have a better 2019

Sensex (36077) / Nifty (10860)



Future outlook

After enjoying a good Bull Run throughout the year 2017, our markets underwent lot of ups and downs in the calendar year 2018. Although, there is one more day left for the year to conclude, we must say we are relatively in the safer zone, at least most of the uncertainty is behind us now. The truncated week did not have a good start as US markets were falling like a pack of cards. Somehow, post the Christmas day; index had a smart recovery from lower levels to conclude the week at a kissing distance of **10900**.

Now, the million dollar question arises whether we will have the similar kind of year going forward or it would repeat 2017. In our sense, it's still too far to make any kind of judgment on it and there is no clear signal on charts also to give some sort of hint towards it. There are lots of major events lined up and hence, it's certainly going to be an action packed year. At this juncture, it's better to take one step at a time. Technically speaking, Wednesday's recovery has occurred from a key Fibonacci ratio and it went on to form a 'Piercing Line' pattern on daily chart. But what really encourages us is the overall price development in banking as well as midcap indices. We witnessed 'Bullish Engulfing' as well as 'Perfect Upward Bar Reversal' patterns in Bank Nifty on the same day, that too precisely at 50% retracement of the recent up move and around the pull back zone of 'Downward Sloping Trend Line'. That certainly set the tone for the next leg of the rally and hence, if Nifty has to extend this up move, the banking index is likely to be a charioteer of the same. In addition, the midcap index is positively poised as we can see a good 'Higher Top Higher Bottom' formation; indicating participation from the broader end of the spectrum.

As far as levels are concerned, we could see acceleration in the ongoing optimism once Nifty surpasses **10900**. In the scenario, we expect index to head towards **11050 – 11200** in the forthcoming week. On the flipside, **10800** followed by **10764** are likely to be seen as key support levels. The ideal strategy for the coming week would be to keep a tab of mentioned levels and should concentrate more on the individual pockets within the midcap universe.

Stronger hands denied rolling shorts

Nifty spot closed at **10859.90** this week, against a close of **10754.00** last week. The Put-Call Ratio has increased from **1.28** to **1.54**. and the annualized Cost of Carry is positive at **4.73%**. The Open Interest of Nifty Futures decreased by **9%**.

Derivatives View

Nifty current month future closed with a premium of **47.85** points against a premium of **57.95** points to its spot. Next month future is trading with a premium of **81.25** points.

As far as Nifty options activities for the week are concerned, the overall build-up was scattered between **10800-11200** call and **10300-10800** put options mainly due to beginning of new series. Maximum open interest for January series now stands at **11200** call and **10500** put options.

In the final week, Fed announced rate hike resulting sell-off across the globe; we too felt the heat but Nifty left everything behind and once again recovered to eventually conclude tad above **10850** mark. Despite sharp fall we could hardly see any relevant shorting, majority of the positions formed were on the long side. Rollovers in Nifty stood at 74.27%, above its 3-month average. Thus, hinting long rollovers for the benchmark index. Stronger hands exited their shorts in index futures; resulting their 'Long Short Ratio' back to 50%. Looking at the above data, we expect continuation of recent upmove soon beyond the **11000** mark.

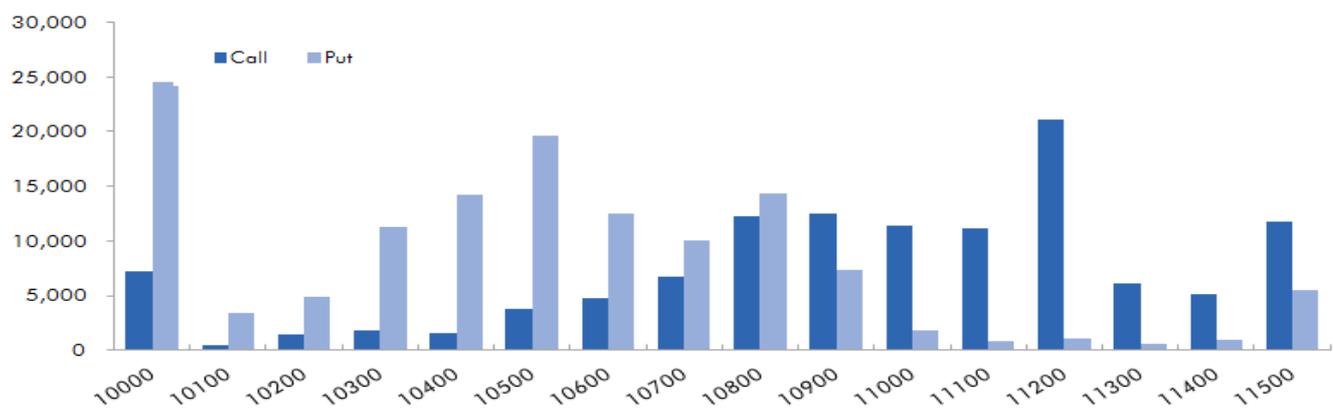
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
AJANTPHARM	626500	14.32	1193.90	5.52
PCJEWELLER	10354500	10.24	88.25	6.71
RELCAPITAL	13123500	9.87	229.75	4.17
SUNTV	7301000	7.43	619.20	4.73
NBCC	37600000	5.05	56.90	1.52

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
SRF	752000	19.08	2013.55	(6.60)
JUBLFOOD	2453500	15.87	1256.40	(4.63)
EICHERMOT	254875	0.86	23297.40	(1.29)
HEROMOTOCO	1359600	0.59	3141.25	(5.51)

Weekly change in OI



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