

Nifty inching towards 11000, banking became the charioteer

Sensex (36194) / Nifty (10877)



Source: Trading View

Future outlook

This has been a spectacular week for our markets as it brought back wide smile on traders' / investors' faces. And there couldn't have been better end to the November series (derivatives) expiry as we saw Nifty surpassing its resistance zone with some authority and thereby removing ambiguity about the near term direction. Despite subdued movement on Friday, index concluded the week well above the **10800** mark by adding more than 3% from previous week's close.

During the early part of the week, we saw Nifty finding strong support at **10500** and then went on to give v-shaped recovery thereafter. Recently, traders were extremely skeptical about Nifty crossing this ceiling of **10750 – 10800**. On Thursday, a massive bump at the opening resulted in breaking this multiple resistance zone quite convincingly; courtesy to gigantic overnight rally in US bourses. Then further developments in some of the heavyweight pockets ensured this breakout on a closing basis. Going by the 'Gap Theory', a breach of any major resistance with an upside gap is known as a 'Breakaway Gap' and is considered as a sign of strength. Hence, going ahead, we continue to remain upbeat and expect the rally to extend immediately towards **11000 – 11150** levels. On the flipside, Thursday's gap area of **10782 – 10757** is likely to act as a key support zone now.

It is also important to take a note that there are many events lined up in the first half of December on the domestic as well as international front. Hence, we may see some volatility increasing in coming days. Traders are advised to trade with proper exit strategy and should keep focusing on individual pockets that may provide better trading opportunities. This week, banking clearly became the charioteer along with IT sector showing some buying interest after recent underperformance. In addition, some interesting moves seen in the 'Pharmaceutical' basket towards the fag end of the week.

FII's 'Long Short Ratio' jumped above 50%

Nifty spot closed at **10876.75** this week, against a close of **10526.75** last week. The Put-Call Ratio has increased from **1.46** to **1.70** and the annualized Cost of Carry is negative at **2.97%**. The Open Interest of Nifty Futures decreased by **22.04%**.

Derivatives View

Nifty current month future closed with a premium of **23.90** points against a premium of **36.00** points to its spot. Next month future is trading with a premium of **70.50** points.

As far as Nifty options activities for the week are concerned, some build-up was seen in **10900** and **10100** call options. On the flip side, **10700-10900** put options added good amount of open interest. Maximum open interest for December series now stands at **11000** call and **10000** put options.

Last week, the benchmark index surpassed the hurdle of **10700-10750** and extended its upmove towards **10900** mark. During November series, we saw blend of short covering and fresh long formation in Nifty Futures. Stronger hand too participated in this rally as they turned net buyers in equities, index and stock futures segment. Now, their index futures 'Long Short Ratio' has jumped from **29%** to **51%**, indicating they covered decent shorts and rolled their longs to December series. Rollover for Nifty stood at **71%**, lower in terms of percentage as well as open interest. At current juncture, around **11000-11100** is the immediate hurdle; whereas, **10700-10750** may act as a support zone.

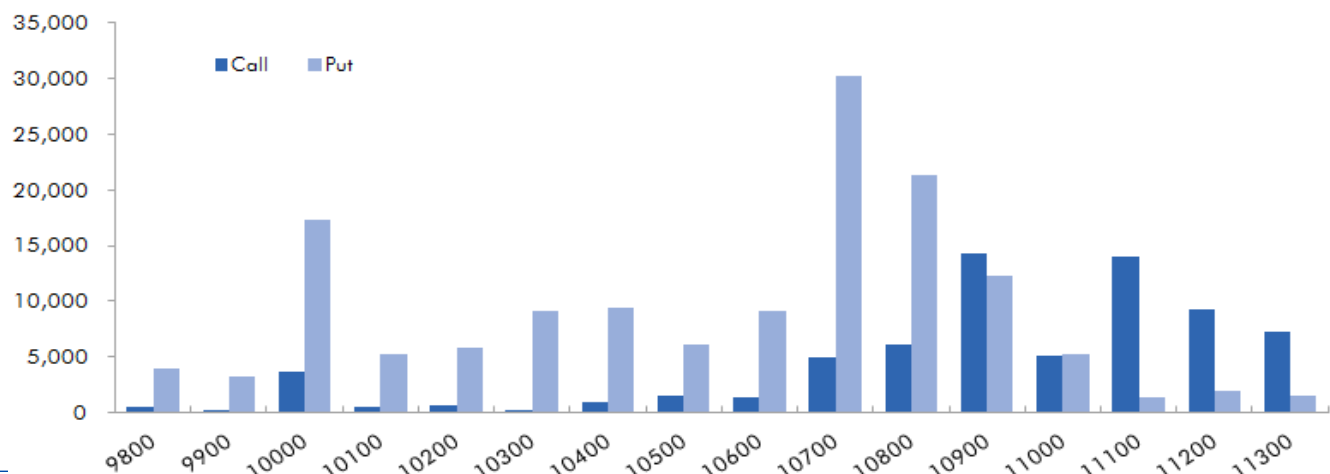
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
ACC	1433200	13.85	1489.45	1.89
ESCORTS	5408700	13.69	708.00	6.77
STAR	3794800	11.12	487.20	8.47
CANFINHOME	4126800	6.82	270.60	4.26
AXISBANK	36369600	6.43	628.30	2.12

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
IOC	82479500	103.47	133.15	(3.72)
REPCOHOME	1417000	95.34	370.85	(4.12)
OIL	8956365	85.17	181.85	(8.55)
ONGC	74133750	68.65	140.00	(8.05)
NTPC	69668000	67.21	138.95	(4.99)

Weekly change in OI



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