

Nifty snaps six-week winning streak, still 11000 defended successfully

Sensex (37607) / Nifty (11073)

NSE:NIFTY, 1D 11073.45 ▼ -28.70 (-0.26%) O:11139.50 H:11150.40 L:11026.65 C:11073.45



TradingView

Source: Trading View

Future outlook

This week, the market started the proceedings on a sluggish note in the absence of any trigger on the domestic as well as global front. On the following day, we witnessed a good broad-based rally to mark fresh 4-months high beyond the **11300** mark. However, the way things looked at the end of Tuesday's session, it just turned out to be an illusion in the remaining part of the week. Although there were a couple of attempts made around **11300**, the market was unable to display the strength in a similar fashion. As a result, we witnessed some profit taking in the latter part of the week to conclude around the lower end of the weekly range.

Market finally snapped its six-week winning streak due to some weakness around 11300. However, the damage is not big and hence, as of now should only be interpreted as a profit booking after a relentless rally. Towards the end of the week, we were seeing **11050** as a key support; but the way markets behaved on Friday around it, this does not appear to be an important support. Hence, we would rather extend the range slightly on downside and would observe key supports around **10950-10870** for the forthcoming week. In case if profit booking extends towards these mentioned levels, it should still be considered as a corrective move and not the actual trend reversal. In our sense, the actual weakness would start only if Nifty sustains below **10870** and hence, till then one should continue with a stock specific positive bias. However, on the flipside, **11300-11350** has also become a strong ceiling and the fresh leg of the rally would only unfold above this. Till then traders are advised to remain light within a slightly bigger range of **10870 – 11350**.

For the early part of the week, **11200-11250** should be considered as an immediate resistance zone. The banking space has been the weakest link and the way it's placed, the directional move in benchmark would mainly be triggered by the banking stocks only. Hence, all eyes would be on it. Apart from this, the entire Pharma space has been once again on a roll after a brief pause and there were some other sectoral movers also, that kept buzzing and bucking the trend. So, the pragmatic approach would be to focus on individual stocks till the time market remains in the above-mentioned range.

FII's carry long positions in new series

Nifty spot closed at **11073.45** this week, against a close of **11194.15** last week. The Put-Call Ratio has decreased from **1.74** to **1.31**. The annualized Cost of Carry is positive at **2.73%**. The Open Interest of Nifty Futures has decreased by **17.62%**.

Derivatives View

Nifty current month future closed with a premium of **22.40** points against a discount of **15.95** points to its spot. Next month future is trading at a premium of **26.40** points.

As far as Nifty options activities are concerned, the weekly expiry options witnessed open interest addition in 11200, 11300 and 11500 call options whereas put options of 11000 and below strikes too added some open interest at the start of the new series. Maximum open interest for the coming weekly series is at 11500 call and 11000 put options.

During the week, Nifty surpassed the 11300 mark, however it failed to sustain above that and witnessed some correction around expiry to end the week with a loss of over a percent. The rollover in Nifty is at 77.59 percent, which is in line with its 3-month average of 77.40 percent, whereas rollover in Bank Nifty is at 75.30 percent v/s its average of 79 percent. FII's have carried more of their long positions to the new series and their 'Long Short' Ratio in index futures segment is tad over 66 percent. The weekly options data indicates support around 11000 mark and resistance at 11200-11300. If we look at the sector specific build up, it is seen that the stocks from the Cement and the Pharma sector have added good amount of long positions which have been rolled too. So, traders should look for stocks from these sectors for short term trading opportunities.

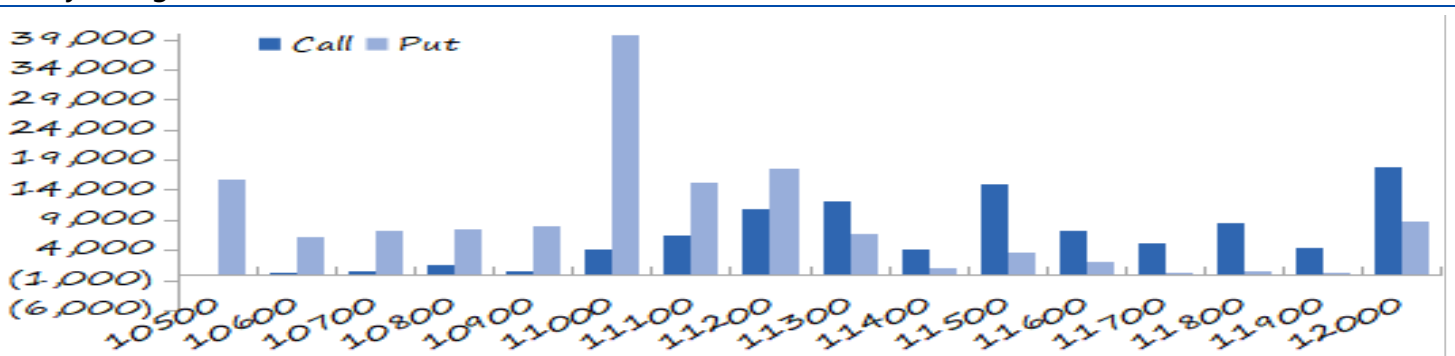
Long Formation

Scrp	OI Futures	OI Chg (%)	Price	Price Chg(%)
CIPLA	14478100	17.19	723.70	8.75
APOLLOHOSP	1246500	13.68	1663.70	10.15
AUOPHARMA	14441700	11.90	879.05	8.50
TORNTPHARM	2010500	9.36	2678.30	14.97
SUNPHARMA	32944800	8.46	532.15	9.74

Short Formation

Scrp	OI Futures	OI Chg (%)	Price	Price Chg(%)
UBL	1247400	25.05	953.50	(4.67)
CHOLAFIN	7567500	14.31	199.65	(5.36)
MANAPPURAM	21414000	9.44	159.40	(11.42)
RECLTD	19680000	6.53	100.65	(5.58)
ICICIBANK	135396250	5.80	348.75	(8.82)

Weekly change in OI



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