

RIL propels Nifty beyond 17300, avoid being complacent

Sensex (58130) / Nifty (17324)



Source: Trading View

Future outlook

We had a bumper opening on Monday at new record highs citing to cheerful mood across the globe. This head start certainly set up the tone for the entire week as markets didn't look back from thereon. Everyday our benchmark index was making new high and in the process even reached the millstone of **17000**. In fact it didn't stop there as we witnessed a continuation of the upward trajectory in last couple of sessions; courtesy to stellar comeback from heavyweight RELIANCE who single-handedly propelled Nifty beyond **17300**. Eventually, it happened to be yet another spectacular week for our markets as the bulls added another 3.70% to their kitty.

Nifty has been enjoying a strong Bull Run since last 16 – 17 months and in last few weeks also, it gave some mesmerizing moves. Although the recent momentum has been exceptionally strong, we can see some extreme levels in benchmark index now. If we take a broader view, we can see Nifty reaching the 200% 'Fibonacci Retracement' of the last year's massive decline from Jan'20 high to March'20 low. Also time-wise, Nifty has entered 7th zone as per 'Fibonacci Time Series' on the monthly time frame chart. We do not want to sound pessimistic but since couple of important key ratios are coinciding at current juncture; it will be unfair to overlook them. To be on the safer side, we advise traders to keep booking profits in the rally and avoid taking aggressive longs for a while. Yes, momentum traders can still continue with their stock specific trades; but needs to follow strict stop losses and booking timely profit is advocated.

As far as levels are concerned, **17400 – 17500** are to be considered immediate hurdles; where we would certainly avoid being complacent. On the flipside, **17200 – 17050** are to be seen as key supports for the forthcoming week. The first sign of weakness would start below **17000** after which the crucial make or break support zone of **16700 – 16600** would be tested.

F&O data looks strong, stay long

Nifty spot closed at **17323.60** this week, against a close of **16705.20** last week. The Put-Call Ratio has decreased from **1.40** to **1.35**. The annualized Cost of Carry is positive at **0.45%**. The Open Interest of Nifty Futures increased by **13.07%**.

Derivatives View

Nifty current month future closed with a premium of **5.75** points against a discount of **9.10** points to its spot. Next month future is trading at a premium of **30.20** points.

We began the first week of September series with an upside gap tad above 16750 and as we progressed fresh buying interest was seen to push the benchmark index towards 16950. This wouldn't have been possible without the specular move in the banking index which finally managed to surpass the sturdy wall of 36200-36300 on a closing basis on Monday. Going ahead, the buying got extended during next four trading sessions to rally beyond 17300. On Friday, the Nifty clocked fresh record highs of 17340.10 and concluded the week with the handsome gains of 3.70%. Now let's take a quick glance at the F&O activity. On the net basis, majority of the positions formed in both the indices during the week were on long side. Stronger hands too participated by adding longs in equities and stock futures; however, their positions in index futures remained mixed. On Friday, fresh writing was seen in 17300 put and highest open interest in calls shifted higher to 17500; which is a good indication. Considering the above development, we expect continuation of ongoing move in the coming week and hence traders' are advised using declines to add longs.

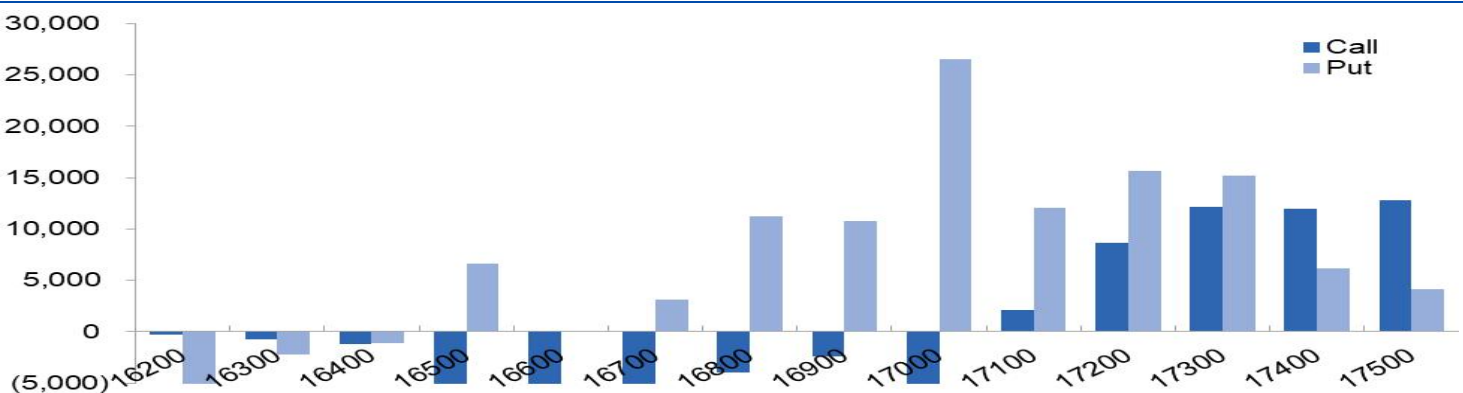
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
IDEA	582960000	69.89	7.30	19.67
EXIDEIND	34117200	35.12	190.25	20.07
NATIONALUM	106624000	29.61	93.15	9.07
HDFCAMC	1192000	25.45	3180.05	4.48
ONGC	58188900	24.93	121.80	5.68

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
M&M	13694100	20.92	753.15	(2.98)
TORNTPOWER	3594000	18.15	488.05	(0.42)
ESCORTS	6942650	17.77	1322.95	(2.23)
INFY	31413000	10.28	1702.50	(0.79)
TECHM	10173000	8.68	1446.30	(0.37)

Weekly change in OI



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