

16000 finally becomes the reality

Sensex (54278) / Nifty (16238)



Source: Trading View

Future outlook

Two months' of boredom finally came to an end as market kick started the August month with a bang. There were several attempts made recently to reach the millstone of **16000** but every time global markets became a spoil sport. This time it was certainly not the case. We had complete support from the global peers which provided impetus to reach the magical figure of **16000**. The moment we surpassed and sustained above it, there was no looking back. Barring Friday's muted session; the Nifty had an excellent week to add more than 3% to the bulls' kitty to hasten towards the **16300** mark.

During the previous week, the Nifty had a smart recovery from the lower range; but banking index kept sulking throughout. As everyone knew, if Nifty had to reach new highs, it wouldn't have been possible without the contribution of this heavyweight space. Fortunately it didn't disappoint this time; courtesy to initial charge from the ICICI Bank and then it was all SBI and HDFC Bank's show to reach the higher boundary of BANKNIFTY around **36000 – 36200**. This space cooled off marginally towards the fag end, but despite this, all eyes on this high beta index; because any sustainable move beyond **36200** would result in an extension of its rally towards its record high. This will certainly bode well for the bulls as we may then see Nifty reaching or even moving beyond the next milestones of **16400 – 16500**.

Although, the upward trend has just resumed after a long consolidation, we would advise short term traders to start lightening up positions if Nifty reaches the mentioned levels in coming days. Because prices have now started moving far away from some key moving averages on the Quarterly time frame charts. We are not at all advising to go against the current trend; but at least taking some money off the table on existing positions is always a good ploy. As far as supports are concerned, **16200** followed by **16000** are likely to be considered as key levels for the benchmark; whereas for BANKNIFTY, the similar zone is visible around **35500 – 35200**. The momentum traders are advised to take one step at a time and follow a proper risk management.

Nifty open interest surged 33%, majority longs

Nifty spot closed at **16238.20** this week, against a close of **15689.80** last week. The Put-Call Ratio has increased from **1.09** to **1.40**. The annualized Cost of Carry is positive at **1.52%**. The Open Interest of Nifty Futures increased by **32.94%**.

Derivatives View

Nifty current month future closed with a premium of **13.50** points against a premium of **32.65** points to its spot. Next month future is trading at a premium of **56.00** points.

Post last two months' of boredom, we kick started the August month with an upside gap of over 100 points but in absence of follow-up buying, closed around the opening levels. On the subsequent day, we had a good bump up at the opening and within few minutes, the Nifty hastened towards its much awaited milestone of 16000. Then we witnessed sharp follow-up buying for next three sessions to almost touch 16350 mark on Thursday. However, some profit-booking was observed as Nifty approached 16300-16350 zone, which resulted the weekly closing with the handsome gains of 3%. Now let's take a look on F&O action for the week, we saw open interest addition of nearly 33% in Nifty and considering the price action it clearly hints strong buying during the week. The banking index mainly rallied due to short covering. In options front, we saw smart writing in puts till Wednesday but next two sessions call writers took the charge by shorting 16300-16400 strikes. We also witnessed put writers of 16300 exiting their positions on Friday. At current juncture, 16100-16200 is the immediate demand zone; whereas, resistance is placed around 16400-16500 now

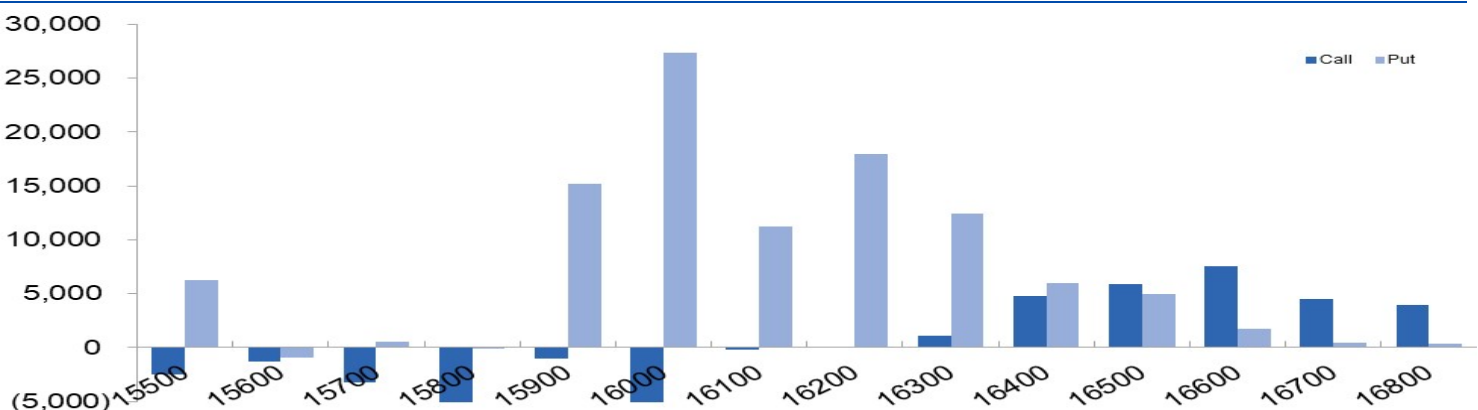
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
SBILIFE	9072000	105.71	1150.65	4.24
CUMMINSIND	3169200	36.42	904.70	6.83
TATAPOWER	150754500	22.09	135.70	8.21
TATACHEM	11060000	20.99	827.20	7.76
BANDHANBNK	27181800	18.20	304.10	3.98

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
COFORGE	1309200	149.37	4772.70	(5.61)
RBLBANK	44314900	46.37	178.80	(7.69)
DABUR	13922500	40.70	586.00	(2.92)
EXIDEIND	22550400	40.17	172.70	(3.17)
COLPAL	2777600	32.35	1649.40	(3.28)

Weekly change in OI



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