

## Nifty at 15800 but midcap index at crucial juncture now

### Sensex (52475) / Nifty (15799)

NSE:NIFTY, 1D 15799.35 ▲ +61.60 (+0.39%) O:15796.45 H:15835.55 L:15749.80 C:15799.35



Source: Trading View

### Future outlook

The new trading week started on a pleasant note on Monday as there was some positivity seen across the globe. With this, our benchmark registered a fresh record high while the banking remained quiet on the first day. During the remaining part of the week, Nifty consolidated in a small range as the banking kept sulking. Fortunately, the IT space saw some renewed buying interest which kept our benchmark in the positive terrain to eventually register yet another record high beyond the **15800** mark. Among the key indices, Nifty gained 0.82% during the week which was mainly led by handsome gains of 4.52% in Nifty IT. The Nifty Midcap 50 index too added another 2.57% to its kitty; however the banking remained laggard by losing over half a percent.

Since we are trading in an uncharted territory, a small uptick from hereon would give us new high. Hence, it should be considered only as a number now. Since last couple of weeks, we have been mentioning how there is no major hurdle seen before **16000** and in line with this, the Nifty has been continuing its rally. But the kind of price action we witnessed during the week (especially in banking space), it's not giving us the comfort now. Hence, if benchmark has to reach this milestone of 16000 and even move beyond it, the BANKNIFTY needs to surpass the sturdy wall of **36000**. If it fails to do so then we may see some bouts of profit booking in the forthcoming week. The key support is to be seen at **15700 – 15550** for Nifty; whereas **15850 – 15900** are to be considered as immediate resistances.

There is another notable observation that is making us a bit cautious at current levels. The Nifty Midcap 50 index which is enjoying its dream run since many months has now reached a crucial juncture. On the daily chart, we can see it reaching the '100% Price Extension' of the previous up move and importantly on the weekly time frame, we can see it coinciding around the '161% Price Extension' of the first up leg started after March 2020 lows. By highlighting this, we do not expect the multi-year Bull Run to end; but at least a short term pause or profit booking cannot be ruled out. Hence traders are now advised to take some money off the table and avoid aggressive bets overnight. Also, the stock specific approach still can be continued but one has to be very fussy and should follow proper risk management from hereon.

## Bearish bets in banking space; sign of worrisome

Nifty spot closed at **15799.35** this week, against a close of **15435.65** last week. The Put-Call Ratio has increased from **1.30** to **1.35**. The annualized Cost of Carry is positive at **3.19%**. The Open Interest of Nifty Futures increased by **13.14%**.

### Derivatives View

Nifty current month future closed with a premium of **17.95** points against a premium of **42.35** points to its spot. Next month future is trading at a premium of **65.85** points.

In options segment, we hardly saw any relevant build-up in call options; however, **15700** and **15800** strikes of puts added good amount of positions. Maximum build-up in the weekly series is placed in **16000** call and **15700** put options.

During the week, we had a cheerful start tad above 15700 and then some consolidation with positive biasness was observed. On Wednesday, the benchmark index clocked fresh record high but failed to sustain at higher levels and sharp selling pressure dragged index almost towards 15550. However, in next two sessions index reclaimed 15800 mark. In F&O space, we saw decent longs formation in Nifty; whereas, in banking space underperformed and shorts were also formed. In options front, we saw good amount of writing in puts shifting the base higher to 15700 now. FIIs added mixed positions in equities and index futures; whereas, meaningful bullish bets was witnessed in stock futures. Surprising the banking is not participating recently and short addition in this space is a sign of worrisome. Hence, we would advise traders to be watchful before initiating any aggressive direction bets in index and would advise preferring stock specific approach.

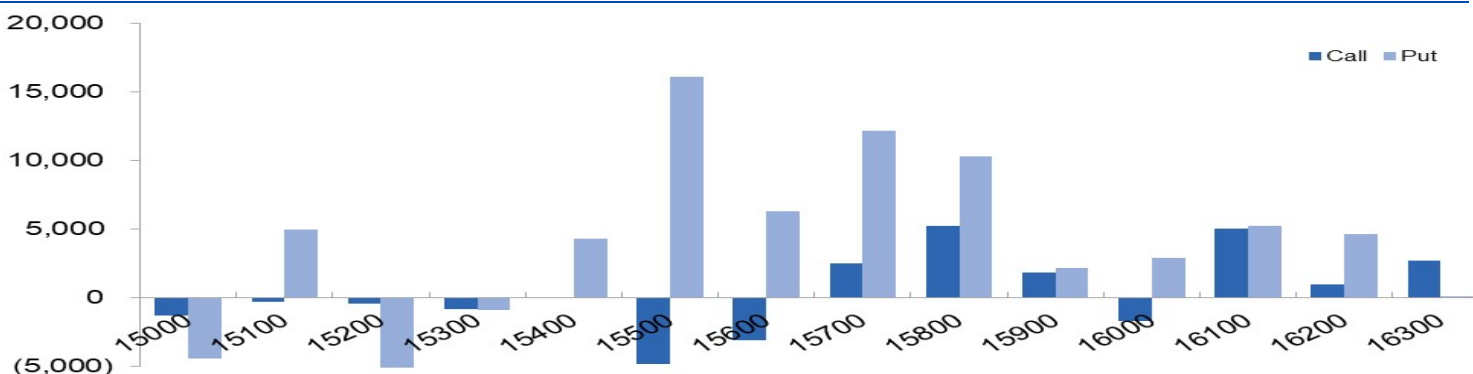
### Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
TORNTPOWER	4645500	129.41	461.30	7.82
BATAINDIA	1265550	40.05	1638.25	4.67
SRTRANSFIN	4657200	33.20	1469.90	3.16
RECLTD	20076000	30.35	162.20	7.13
MGL	2165400	23.38	1232.60	3.71

### Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
PETRONET	30120000	42.98	232.80	(5.27)
HAVELLS	5063500	35.42	1018.35	(3.85)
NMDC	86617600	31.60	184.80	(4.86)
MRF	52360	28.78	82425.00	(3.36)
VOLTAS	2816000	27.19	1050.90	(4.84)

### Weekly change in OI



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