

Heavyweights join the party, sends Nifty beyond 16500

Sensex (55437) / Nifty (16529)



Source: Trading View

Future outlook

The August month started with a bang last week as we not only managed to reach the much awaited milestone of **16000** but also moved beyond it convincingly. This was followed by a quiet start this week. In fact, during the first three trading sessions, our markets consolidated with some hint of profit booking at higher levels. Fortunately, the mighty bulls provided cushion at the lower range of **16200 – 16170** for the Nifty. On the weekly expiry day, we had a gradual up move to register new all-time high at **16375** which was then followed by a spectacular move in few heavyweights to reach the new milestone of **16500** to conclude the week on a cheerful note.

Market looked a bit tentative in the first half this week, especially the broader market as we witnessed a healthy correction in NIFTY MIDCAP 50 index. At one point, it was on the cusp of violating recent swing lows but fortunately it got its mojo back slightly and managed to recover fair bit of ground towards the end. Going ahead, things are going to get tougher because from hereon we are likely to see lot sector churning every now and then. Nifty has reached **16500** without the participation of banking space, which is hard to believe. So it would be interesting to see how things pan out going ahead. Also, it would be unfair to expect the similar pace from Nifty to reach new millstones. Since there is no sign of weakness, we are not advising to go against the trend but we reiterate when things start to look hunky dory everywhere, wise traders choose to take some money off the table. We second this as we advise continuing with one step at a time approach and keep booking timely profits in the rally.

As far as levels are concerned, the sacrosanct support is placed at **16200 – 16170** before which **16400 – 16300** are to be considered as immediate levels. On the upside, it's hard to project any level as we have entered an uncharted territory. Still, every 100 points rally from hereon should be treated as the upside range.

Nifty adds more longs, but PCR reaches overbought zone

Nifty spot closed at **16529.10** this week, against a close of **16238.20** last week. The Put-Call Ratio has increased from **1.40** to **1.73**. The annualized Cost of Carry is negative at **2%**. The Open Interest of Nifty Futures increased by **14.19%**.

Derivatives View

Nifty current month future closed with a discount of **11.10** points against a premium of **13.50** points to its spot. Next month future is trading at a premium of **22.85** points.

In options segment, we saw some open interest build up in 16500 and above call options, while good amount of put writing was seen in 16200-16400 strikes. Highest open interest for coming weekly series is placed at 16800 call and 16400 put options.

We witnessed some rangebound action in Nifty for most part of the week. However, declines towards 16200-16170 witnessed good buying interest and the index rallied smartly on Friday to end the week well above 16500. Nifty continued to attract fresh longs and added open interest of 14 percent which led to the index marking new records. On net basis, FII's formed marginal longs in the index futures segment and their 'Long Short Ratio' currently stands above 67 percent. As per options data, the support base has now shifted to 16400 for coming week, while 16600 and 16800 would be levels to watch out for on the higher side. Also we would like to highlight that though the above given data is positive, the PCR has reached 1.73 which is usually considered as overbought situation and the Nifty futures have ended in discount to the spot. Hence, one should trade selectively and also look to book timely profits in the upmove.

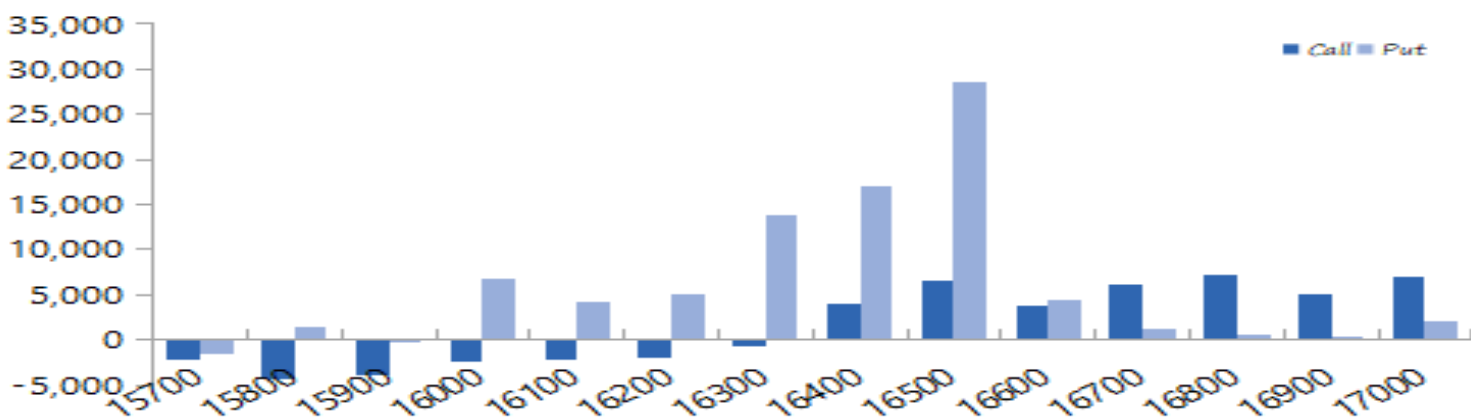
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
BHARATFORG	8974500	31.15	822.00	5.03
POWERGRID	30680749	24.04	183.95	5.08
SIEMENS	2026750	23.55	2243.70	7.49
ESCORTS	5640250	12.69	1275.45	6.21
VEDL	143061900	10.84	329.60	4.44

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
LUPIN	11834550	99.56	976.40	(15.35)
EICHERMOT	3998050	86.80	2548.30	(6.57)
MANAPPURAM	31092000	69.85	165.25	(20.42)
IDEA	543830000	22.85	6.35	(10.56)
AUROPHARMA	13862550	22.01	761.10	(15.71)

Weekly change in OI



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