

Hint of profit booking at all time high

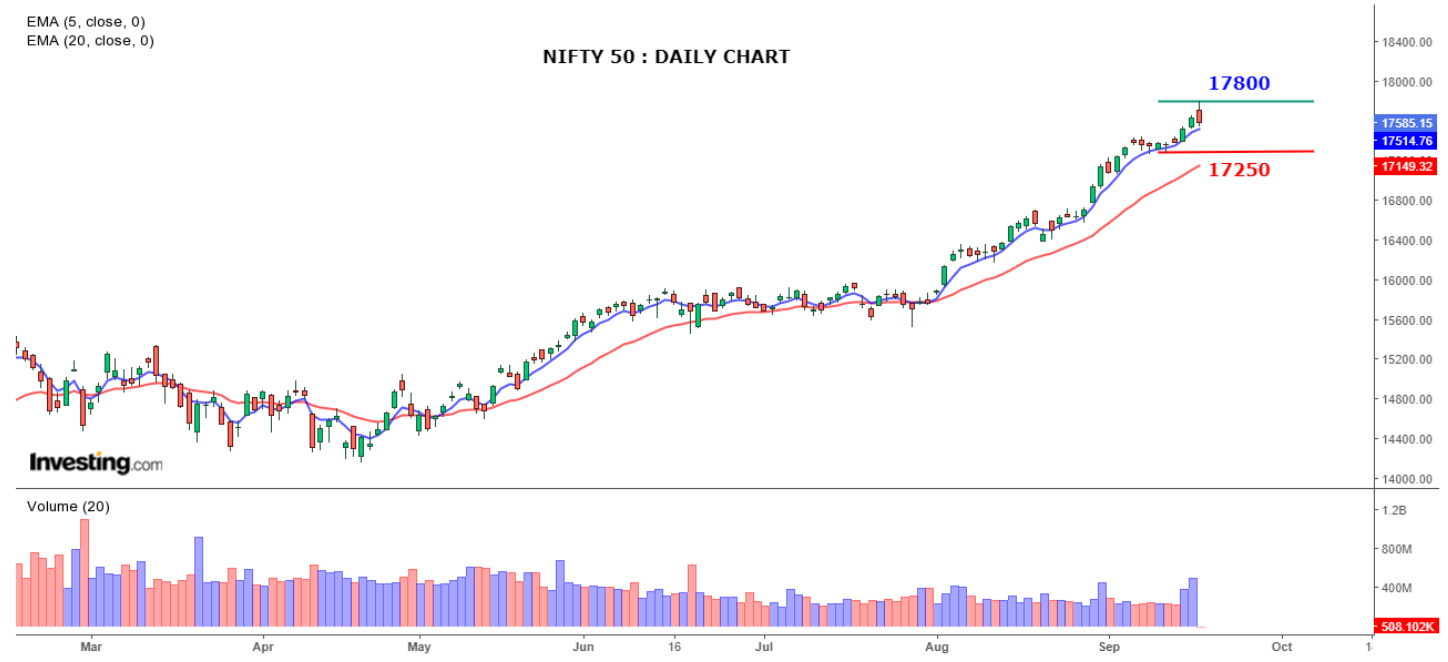
Sensex (59016) / Nifty (17585)

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Nifty 50, India, NSE:NSEI, D

EMA (5, close, 0)
EMA (20, close, 0)

NIFTY 50 : DAILY CHART



Source: Investing.com

Future outlook

After an extended weekend, markets opened on a flat note on Monday. During the first couple of sessions, we witnessed some consolidation with Nifty gradually moving towards 17400. However, the remaining part of the week panned out so well for the bulls as we saw Nifty resuming its upward trajectory to register new highs every day by a fair margin. On Friday, the positive momentum was carried over to even almost reach the new milestone of 17800. Unfortunately, it could not keep up with the same momentum as we witnessed a decent profit booking after marking a new high of 17792.95. Eventually the week ended tad below the 17600 mark by adding more than a percent to the previous weekly close.

Since last few days, Nifty was trapped in a small range and finally it managed to find some momentum. The trend is extremely strong but honestly, the current move is not giving us comfort at all. We reiterate that when things start to look hunky dory and there are no signs of correction, market surprises. Yes, it's difficult to predict the precise time, but it's always better to be safe than sorry. As of now, we are not advising to short but at least one can choose to keep booking profits on a regular interval and stay light on positions. Friday's sharp correction from higher levels is clearly an indication of this and hence, we continue with our cautious stance. As far as levels are concerned, 17700 – 17800 are to be seen as immediate hurdles; whereas on the flipside, 17450 – 17250 should be treated as key supports. The first sign of real weakness would come only if we start sliding below the lower range.

The banking space had a lion share in last three days' rally as we saw BANKNIFTY coming out of its long slumber phase to post fresh record high. In fact, on Friday as well, the broader market was sulking after the initial up move; but banking index managed to close in the green. Going ahead, all eyes would be on this heavyweight basket, because if Nifty has to move towards 18000, this space needs to continue its momentum. In addition, the broader end of the spectrum had a fabulous run throughout the week but we saw some decent profit booking in this space as well on the last day, which does not bode well. Hence, we remain a bit sceptical and we expect the picture to get clear in the coming week itself.

Options data hints resistance at 17800

Nifty spot closed at **17585.15** this week, against a close of **17369.25** last week. The Put-Call Ratio has decreased from **1.27** to **1.15**. The annualized Cost of Carry is positive at **2.87%**. The Open Interest of Nifty Futures increased by **1.38%**.

Derivatives View

Nifty current month future closed with a premium of **19.85** points against a premium of **1.75** points to its spot. Next month future is trading at a premium of **50.35** points.

Nifty continued to march higher and form new records every day during the week. It almost tested the 17800 mark on Friday, but witnessed some profit booking at the end to close the week tad below 17600. The banking index outperformed this week as the Bank Nifty posted new record high and ended with weekly gains of around 3 percent. The index witnessed formation of long positions which led to its outperformance. FII's added some long positions in the index futures segment and their 'Long Short Ratio' currently stands around 68 percent. In options segment, open interest addition was seen in 17800 call and 17600-17500 puts too witnessed addition of positions. The data indicates immediate resistance around 17800 followed by 18000 level. On the flipside, we believe at-the-money put option of 17600 strike saw addition of long positions on Friday. In the coming week, 17500-17400 would be the crucial support zone which traders should keep a watch on. It is advisable to be stock specific and avoid aggressive overnight positions.

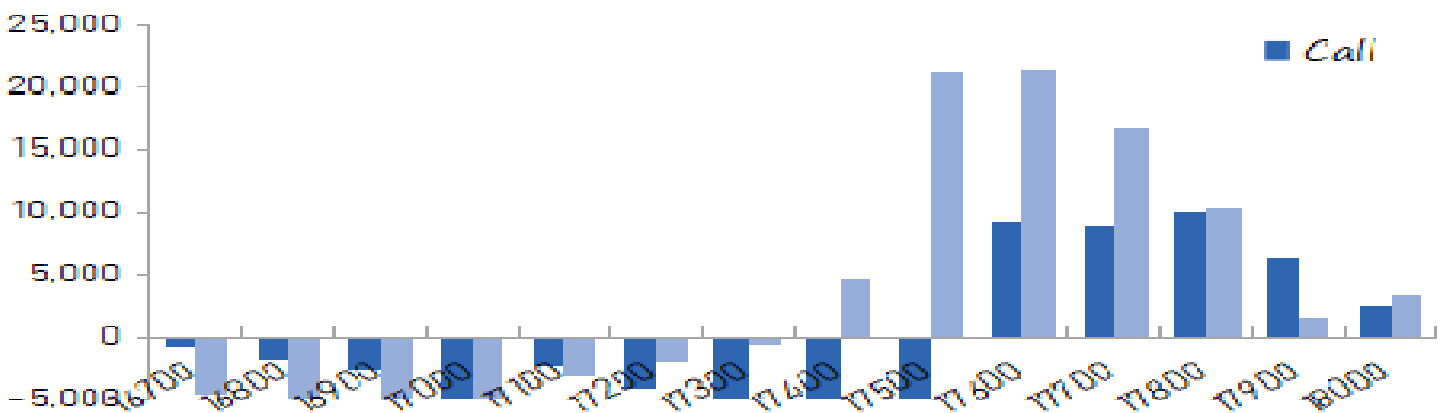
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
IRCTC	2938325	55.40	3870.30	17.19
INDIGO	4041500	42.63	2202.75	14.84
POLYCAB	711000	24.15	2512.45	5.03
PNB	337216000	14.80	39.70	5.31
COALINDIA	55104000	14.30	156.90	5.20

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
ADANIENT	25149000	51.96	1486.35	(4.15)
LALPATHLAB	603750	37.22	3994.90	(3.11)
GUJGASLTD	5073750	31.57	663.65	(2.73)
LUPIN	11722350	21.28	950.40	(3.24)
TATASTEEL	47816750	14.81	1388.45	(4.23)

Weekly change in OI



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