

Nifty ends its weekly winning streak but holds key supports

Sensex (52344) / Nifty (15683)

NSE:NIFTY, 1W 15683.35 ▼ -8.05 (-0.05%) O:15791.40 H:15901.60 L:15450.90 C:15683.35



Source: Trading View

Future outlook

Monday's session started on a flat note; however, before anyone could realize Nifty was down by nearly 200 points within the first half an hour to test the **15600** mark. This was followed by a bounce back and then consolidation for the major part of the first half. During the second half, bulls again picked up some momentum to erase all the morning losses and ended marginally in the green tad above **15800**. On the following day, Nifty reached yet another milestone of **15900**; but thereafter, some sort of tentativeness was visible in the banking space as well as the broader market. The real impact of this was witnessed on Friday as we saw Nifty tumbling more than 300 points in a matter of 2 hours. The action was not done yet as we saw almost a v-shaped recovery in the remaining part of the session to conclude with negligible loss. On a weekly basis, Nifty shed more than seven tenths of percent.

It was clearly an action packed week for markets and despite we defending key levels, the Nifty ended its recent winning streak on a weekly basis. Now the kind of price action we experienced on Friday, it's like 'Half glass full or half empty'. As an optimist, the key indices have managed to hold crucial levels but from a pessimist's perspective, we are struggling at higher levels and importantly, the outperforming MIDCAP index has started to display some signs of exhaustion. In our previous weekly commentary, we had mentioned how the NIFTY MIDCAP 50 has reached a cluster of various Fibonacci ratios and this week's correction has clearly validated our assumption. We are now stepping into a monthly expiry week and looking at overall positioning of our market, we expect the volatility to increase a bit. If we take a glance at the weekly chart of Nifty, we can see two back to back small body candles and this week's formation resembles a 'Hanging Man' pattern. Such pattern requires confirmation in the form of breaking it's low. Hence, it would be interesting to see how things pan out in the first half of the forthcoming week. As far as levels are concerned, **15820 – 15880** to be seen as immediate resistances; whereas on the lower side, **15550 – 15450 – 15400** are to be seen as support levels. We advise traders to lighten up positions at higher levels and it's better to go one step at a time for a time being.

This week Sectorally we saw lot of churning where defensive spaces like FMCG and IT showed some strength. Amongst the losers, Metals had a terrible week as we saw more than 6% cut in the index. Despite some recovery, the banking index ended the week with nearly one and half percent loss. On expected lines, the NIFTY MIDCAP 50 index saw a meaningful correction over 3% this week.

Profit booking drags Nifty off the highs ahead of expiry week

Nifty spot closed at **15683.35** this week, against a close of **15799.35** last week. The Put-Call Ratio has decreased from **1.35** to **1.18**. The annualized Cost of Carry is positive at **5.18%**. The Open Interest of Nifty Futures decreased by **17.45%**.

Derivatives View

Nifty current month future closed with a premium of **44.15** points against a premium of **17.95** points to its spot. Next month future is trading at a premium of **96.65** points.

In options segment, **15700-16000** call options witnessed decent addition of open interest while some addition was seen **15600-15400** puts too. Maximum build-up in the monthly series is placed in **16000** call and **15000** put options. However, since **15000** is far from the current market price, more weightage should be given to **15500** put option which also has decent build up.

Post some volatility at the start of the week, Nifty recovered from the lows and marked a record of 15900. However, we witnessed some cool-off from the highs and the index corrected to sneak below 15500 on Friday. Due to recovery in the later half on the last day, Nifty managed to end the week tad below 15700. Nifty corrected mainly because of profit booking as the open interest declined by more than 17 percent ahead of the monthly expiry week. Bank Nifty which has been an underperformer recently, added some shorts during the week. FI's were long heavy at the end of last week with their 'Long Short Ratio' at 82 percent; but they unwound some of their longs and added shorts which has now brought this ratio down to about 68 percent. Decent built up was seen in call options which indicates resistance around 15800 followed by 16000 mark for the coming week. On the flipside, 15500-15450 would be seen as the immediate support.

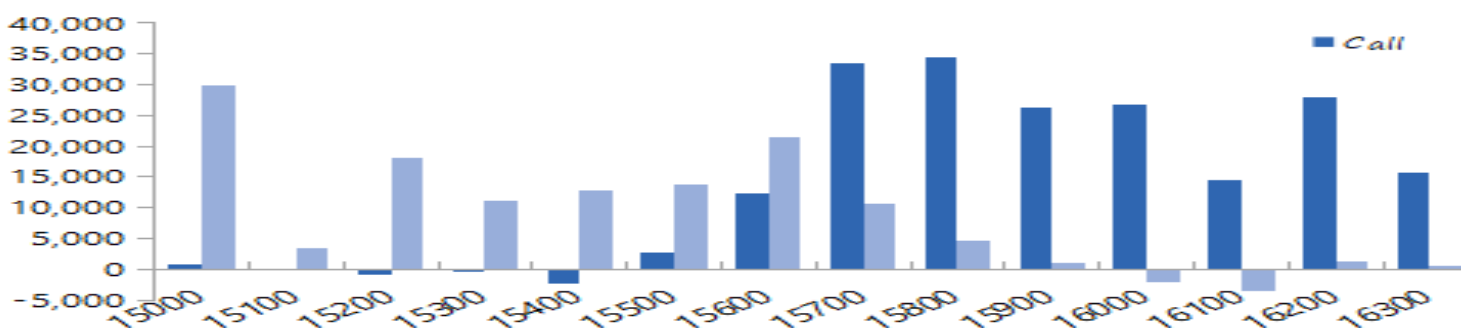
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
MARICO	6196000	22.50	521.75	5.87
IDEA	829570000	13.64	10.40	4.52
GMRINFRA	104647500	18.71	28.30	4.04
SUNTV	15756000	19.43	550.90	3.64
RAMCOCEM	2044250	15.07	1023.30	3.39

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
LICHSGFIN	14362000	46.55	470.45	(10.30)
POWERGRID	25524000	35.79	233.05	(5.44)
RECLTD	24120000	20.14	147.10	(9.31)
ASHOKLEY	43065000	15.19	116.65	(11.60)
M&MFIN	47388000	10.99	158.65	(6.48)

Weekly change in OI



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