

Despite some uncertainty, 12000 defended successfully

Sensex (41170) / Nifty (12081)

NSE:NIFTY, 1D 12080.85 ▼ -45.05 (-0.37%) O:12119.00 H:12152.00 L:12071.45 C:12080.85



TradingView

Source: Trading View

Future outlook

We had a shaky start for the week as some overhang continued of what we saw previous Friday with respect to the AGR case. In addition to this, things related to coronavirus aggravated which had a rub off effect on all global peers. Thus, market looked nervous in first half of the week to retest **11900** levels. Fortunately, bulls pounced on this opportunity quite aggressively and as a result, we witnessed a v-shaped recovery thereafter to reclaim the **12000** mark on a weekly closing basis.

We have already mentioned in our intra-week reports how crucial that recovery was on Tuesday. Let us see what these technical observations are. On Tuesday all major indices formed a 'Bullish Hammer' pattern on daily chart and for Nifty it was placed at the 50% retracement of the recent up move. Now we have moved one step forward as we can see the Tuesday's 'Hammer' pattern along with Monday's and Wednesday's candle, combinedly gives a birth to a 'Bullish Island Reversal' pattern. This configuration occurs when the previous gap is precisely filled by yet another gap but in the opposite direction and has extremely bullish implication. Hence, going forward, as long as we do not enter into Wednesday's gap area of **12042.10 – 12030.75**, the said pattern remains intact and is likely to provide some impetus to the next leg of the rally. In the forthcoming week, once Nifty surpasses **12160**, we may see Nifty retesting of **12220 – 12250** levels. On the downside, **12042 – 12000** remains a strong support zone.

The banking index has been slightly underperforming since few days but on Thursday we witnessed a sheer outperformance from this space courtesy to a smart move in SBI and Indusind Bank. Apart from this, the midcap space looked vibrant in last couple of days and has managed to give a v-shaped recovery. Hence, we may see good traction in this universe in coming days as well.

11900-12000 is an important support zone

Nifty spot closed at **12080.85** this week, against a close of **12113.45** last week. The Put-Call Ratio has decreased from **1.28** to **1.12**. The annualized Cost of Carry is negative at **0.80%**. The Open Interest of Nifty Futures has increased by **1.59%**.

Derivatives View

Nifty current month future closed with a discount of **1.85** points against a discount of **16.20** points to its spot. Next month future is trading with a premium of **12.80** points.

As far as Nifty options activities for the week are concerned, we saw fresh build-up in 12000-12300 call options. On the flip side, decent amount of writing was seen in 11800-12100 put options. Maximum open interest for the monthly series now stands at 12000 put and 12200 call option.

Post some consolidation seen in the previous week, the benchmark index corrected almost towards 11900 mark; but, managed to reclaim 12000 on the same day. This upmove was then followed by fresh buying interest to extend the rally above 12150; however, some profit booking on Thursday led closing 0.42% lower to the previous week's close. We hardly saw any relevant open interest activity in Nifty futures; however, banking index managed to conclude the week marginally higher with almost 8% open interest reduction. In options front, 12000 put and 12200 call options are attracting trader's attentions. Considering the above data points, we don't see any major downside from here on; hence, traders are advised using decline to add-on fresh longs in the system.

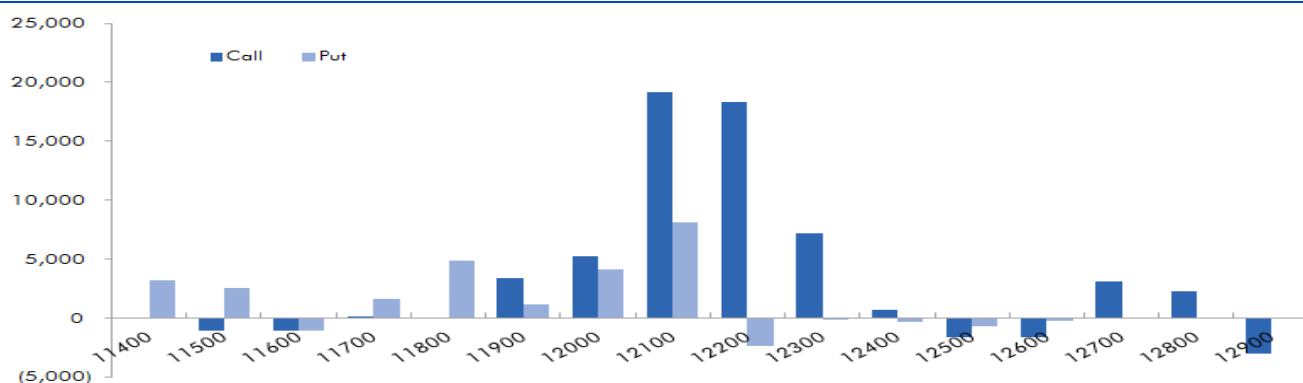
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
MINDTREE	1392800	50.87	1033.30	7.74
IDEA	660814000	44.98	4.45	28.99
VOLTAS	4372000	32.61	727.25	5.64
TORNTPHARM	501500	25.22	2236.80	6.01
SRTRANSFIN	6667200	16.37	1317.30	3.28

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg (%)
LICHSGFIN	16304600	37.76	365.55	(11.69)
YESBANK	352220000	27.77	34.45	(8.62)
IGL	13002000	27.71	466.50	(4.72)
RBLBANK	17592000	23.23	309.75	(2.30)
TATAGLOBAL	18719100	21.48	381.60	(4.00)

Weekly change in OI



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