

Banking outshines, Nifty tad below 17600

Sensex (59307) / Nifty (17576)



Source: Tradingview.com

Future outlook

The week started on a sluggish note as global markets once again looked a bit tentative over the previous weekend. However, market participants at our end pounced on to this opportunity as we witnessed a V-shaped recovery to reclaim the **17300** mark. Adding to this, the sentiments on global front improved drastically as the week progressed which provided the much needed impetus for our domestic markets. As a result, we kept marching higher in latter half to eventually conclude the pre-Diwali week convincingly above **17500** by adding over a couple of percent gains to the bulls' kitty.

Most of our recent hope or anticipation has turned into a reality and in the process, rock solid support zone around **17000 – 16800** has certainly proved its significance. The bulls were determined to defend this last week and with slight improvement in global peers, fueled the rally in our market to regain some strength. From a technical stand point, Nifty is now placed in a safer territory and from hereon, the immediate support is visible in the vicinity of **17400 – 17350**. Since the undertone is strongly bullish, one should continue with an optimistic bias and should continue using intermediate declines to add bullish bets. On the higher side, Nifty has reached to our immediate targets of **17500 – 17600**; but now, we can safely extend these projections towards **17800** and even retesting of **18000** cannot be ruled out. For this to happen, we do not require flamboyant moves from global bourses, rather there stability is the need of the hour and hence, no negative news would be considered as a good news only.

Sectorally, the banking outshined by a fair margin this week; especially on Friday after the stellar Quarterly numbers from private banking giant, Axis Bank. This heavyweight space is likely to be the major charioteer and once other heavyweight too starts chipping in, markets are good to go towards the **18000** mark. As far as the broader market is concerned, it remained quite this week; but if we see global uncertainty completely disappearing, the midcaps would have a strong comeback soon.

Massive writing in ATM and OTM call options

Nifty spot closed at **17576.35** this week, against a close of **17185.70** last week. The Put-Call Ratio has increased from **0.91** to **1.03**. The annualized Cost of Carry is negative at **4.10%**. The Open Interest of Nifty Futures increased by **6.13%**.

Derivatives View

Nifty current month's future closed with a discount of 11.85 against a premium of 9.80 points to its spot in the previous week. Next month's future is trading at a premium of 23.50 points.

Finally, after last three weeks we managed to breach the resistance zone around 17500 on the closing basis. We had a sluggish start for the week, but strong buying emerged on Monday to almost recoup all the losses seen on last Friday. Next day, we had a bumped up start and we managed to reclaim 17500 and this was followed by rough move towards 17650. In F&O space, fresh long formations are seen in Nifty and Bank Nifty. Post some selling in initial three days, stronger hands turned net buyers in the cash segment. In the Index futures, they added bullish bets in index as well as stock futures segment. Hence the FII's 'Long Short Ratio' has improved from 23% to 30%. We observed fresh writing in 17500 and 17600 put strikes. On the other side, 17600-18200 call options added huge positions which could be on short side. At current juncture, 17300-17400 is a strong demand zone for the benchmark index and until we manage to sustain above same the biasness remains positive.

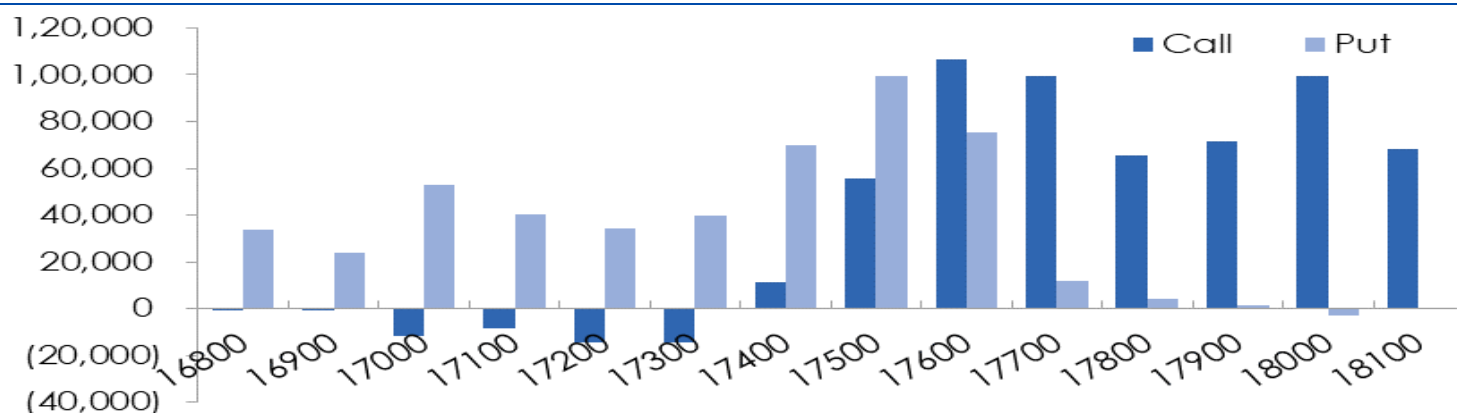
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
CUB	11430000	48.83	185.95	1.39
AXISBANK	59740800	30.68	896.20	11.61
SYNGENE	2929000	29.14	579.80	5.20
HAL	4828850	27.76	2407.40	2.64
BANKBARODA	119223000	22.03	143.40	9.51

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
MOTHERSON	97119000	35.02	62.25	(10.37)
LTTS	1292000	33.86	3504.50	(2.80)
INDUSINDBK	28900800	25.44	1143.65	(3.50)
BERGEPAIN	9005700	23.80	585.45	(4.54)
UBL	1365200	21.33	1622.35	(1.95)

Weekly change in OI



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