

Nifty eyeing 16000 this time, banking becomes the catalyst

Sensex (52925) / Nifty (15860)

NSE:NIFTY, 1D 15860.35 ▲ +69.90 (+0.44%) O:15839.35 H:15870.80 L:15772.30 C:15860.35



TradingView

Source: Trading View

Future outlook

The massive correction in US markets last Friday had a continuation on Monday morning to haunt traders across the globe. As a result, our markets opened with more than a percent cut to test the 15500 mark. However this was followed by a remarkable v-shaped recovery in the remaining part of the day. For the subsequent two sessions, markets consolidated at higher levels with no clear intent. However, towards the fag end of the week the bulls were back with some strength to mark highest ever weekly close tad below **15900**.

In our previous weekly commentary, we had advocated some caution considering the formation of 'Hanging Man' pattern on weekly chart. To activate this, the prices should have slipped below the low i.e. **15450** in this case. But since it reversed from **15500**, the pattern was not confirmed. Also, we had shared our observation on the placement of the NIFTY MIDCAP 50 index around some crucial levels. All these negative developments have not been completely negated yet; but the kind of up move we witnessed in BANKNIFTY on Friday's session, the bulls seem to have upper hand here. Hence, banking becomes a deciding factor going ahead. A follow up move in the coming sessions would definitely push the Nifty towards its much awaited milestone of **16000** and may even extend towards **16200** later. Hence, it would be interesting to see how things pan out in the banking space.

As far as supports are concerned, the immediate levels are placed at **15700 – 15670** and the base is to be seen at **15450** now. Till the time market defends these important supports, the short term trend remains bullish. But having said that we would still reiterate that one should avoid being complacent and it's better to continue with the strategy of 'one step at a time'. Because although it's difficult to time it, whenever any rally overstretches without giving any meaningful correction, market tends to surprise anytime. So to be on the safer side, try to avoid aggressive leveraged positions overnight.

Banking index finally regained strength; expect short covering

Nifty spot closed at **15860.35** this week, against a close of **15683.35** last week. The Put-Call Ratio has increased from **1.18** to **1.20**. The annualized Cost of Carry is positive at **1.93%**. The Open Interest of Nifty Futures decreased by **6.39%**.

Derivatives View

Nifty current month future closed with a premium of **27.65** points against a premium of **96.65** points to its spot. Next month future is trading at a premium of **75.65** points.

In options segment, being start of new series build-up looked quite scattered between 16000-16500 call and 15500-15800 put options. Highest open interest for coming weekly series is placed at **16000** call and **15700** put options.

Post last Friday's smart recovery, we began Monday's session's with downside gap but smart recovery was seen to reclaim 15750 mark on the same day. In next session, we saw extension of up move towards 15850-15900 but failed to sustain at higher levels and then as we progressed index traded in the range of 250 points. On Friday, once again index inched higher to conclude the week tad above 15850 mark. In June series, we did not see any addition of positions in Nifty but some shorts were formed in the banking index which led to its underperformance. Now the rollover Nifty is around 85% versus its 3-month average of 76% while that in Bank Nifty is around 84% versus its average of 76%. FII's formed mixed positions during the series but their 'Long Short Ratio' at the start of new series is at 82%. At this point in time, the immediate supports for Nifty are placed around 15700 and 15600 mark while resistance is seen around 15900-16000.

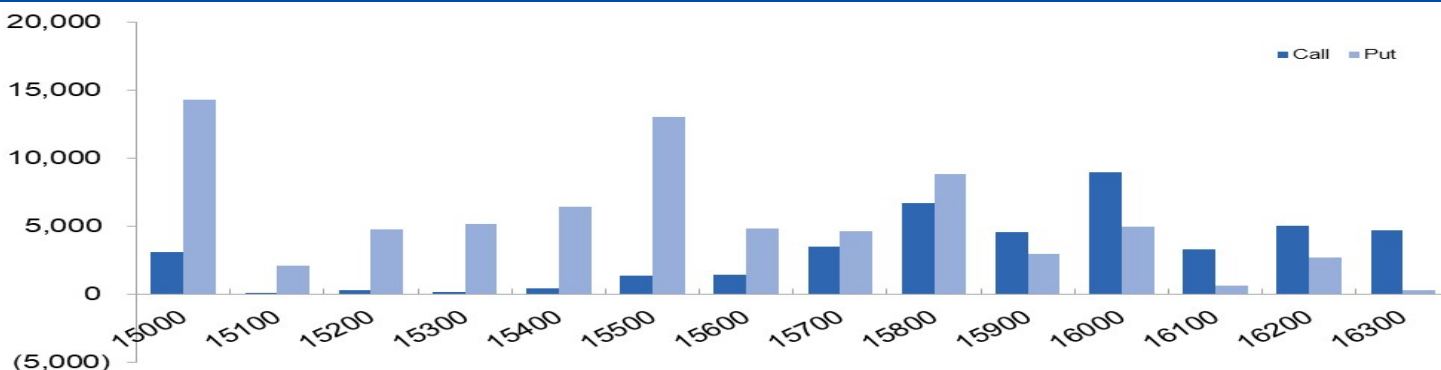
Long Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
ICICIPRULI	5151000	24.60	617.35	6.10
APOLLOHOSP	2070250	19.37	3449.90	6.88
PNB	333584000	10.06	42.60	5.97
JSWSTEEL	39532050	8.31	687.25	2.19
SBILIFE	6231000	7.09	1012.40	2.99

Short Formation

Scrip	OI Futures	OI Chg (%)	Price	Price Chg(%)
RELIANCE	43504250	21.40	2117.90	(4.85)
BOSCHLTD	125550	16.74	15014.45	(1.45)
GODREJCP	3808000	11.51	875.90	(2.13)
APOLLTYRE	15670000	9.50	219.20	(3.48)
UPL	21399300	7.75	802.35	(1.02)

Weekly change in OI



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