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F&O OUTLOOK

Range-bound, but volatile

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The markets gave up their gains yet again due to lack of follow-up buying and profit booking at higher levels. The Nifty futures, however, closed at a premium of 17 points, indicating buying at lower levels.

According to Shrikant Chouhan, technical analyst, Kotak Securities, the sideways movement will continue for a day as traders await the outcome of the Fed meet.

There could be a correction if the Fed decides against a rate cut. The Sensex has a support at 19,300 and Nifty has a strong base at 5,750. On the upside, the Sensex has to trade above 20,100, to go up to 20,700. Because of the huge gap between support and resistance levels, the market is likely to be volatile in the coming days.

Sailav Kaji, head derivatives & strategy PINC Research said that Call option buying at 5,900-6,200 strike prices suggest that the Nifty would trade between 5,900 and 6,200. The buyers of Call options are hedging their positions by purchasing 5,800 and 5,900 Puts.

The Nifty PCR has declined from 1.27 to 1.24, indicating more buying in Call options than Put options. Of the total Call options OI of 10.20 million shares, 66.44 per cent exists at 5,900 (19.44 per cent), 6,000 (18.08 per cent), 6,100 (15.06 per cent) and 6,200 (13.87 per cent) strikes. Call writers do not expect the Nifty to trade above 6,000, while Call buyers are hoping for a break-out above 6,200 levels.