

Nifty Upside likely to be Capped at 5150

F&O Tracker

The Nifty consolidated in the range of 5000-5070 for the entire trading session, after significant gains in the previous week. Mixed activity was seen in front-line stocks. Associates, Axis Bank and NTPC gained while RPower, SAIL and HCLTECH lost ground. Bank Nifty outperformed while CNX Realty remained under pressure. Mid-cap stocks witnessed action; AshokLey, IFCI, Crompton Greaves and TechM were amongst the top gainers.

Nifty options open interest build-up is seen in 4700 put options and 5100 call options. In spite of the sudden spurt in the index put concentration has not shifted upwards. Closure in ITM and ATM call options with no significant rise in IVs indicates profit-booking. Fresh addition is seen in OTM Calls indicating limited upsides.

December will witness significant global as well as domestic events and data announcements which are expected to keep the market volatile. The FII segment has been net buyers in the deriva-



tive as well as the cash segment while the DII segment has seen mixed activity.

The current upmove to be corrective in nature; another 2-3 days of positive consolidation with upsides limited to 5150 is expected. On the other hand, a breach of 5000 will invite selling pressure in the broader market for downside target of 4850. In case of sectors, we expect selling pressure in banking and capital goods majors while IT, pharmaceutical and FMCG are expected to outperform.

Advise initiating a Bear Spread at current levels — buy the Nifty Dec 4900 Put and Sell the Nifty Dec 4700 Put one lot each. Total cost (max loss) is seen at ₹1,800 while maximum profit potential is seen at ₹8,000 (Nifty spot 4700).

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