

21st September 2023
Derivatives Update | Private Client Group
Nifty Outlook:

The index has been witnessing constant selling pressure at the higher levels. Nifty has been unable to sustain above 20,000 and eventually a breakdown as seen as the index closed below the support level of 19,920. Post the consistent addition of long contracts from the FI's; some long unwinding was witnessed. The total number of long contracts stands at 33,913 vs prev 58,995. The long/short ratio has also come down at 61%. On 20th September; 30,419 long contracts were un-winded compared to unwinding of 5,337 short contracts in index futures; indicating long unwinding with no addition of short contracts. On the index options front, the net call-put is indicating more call writers have been added. To conclude, sentiments are slightly bearish on the index as long as the index has closed below 20,000.

Weekly Expiry Point of View:

Option chain data for today's weekly expiry is indicating a trading range of 19,800-20,000 zones. On the call side, 20,000 is the strike with highest OI indicating resistance. On the put side, 19,900 is the strike with highest OI indicating support. The highest addition of call writing was seen at 20,000 & 20,100. As per the data, net call-put writing is indicating there are more call-writers; which is a bearish indicator. Expect the index to test the next support zone of 19,800.

Strategy:

The sentiment on Nifty is slightly bearish. The strategy can be played out by selling 1 OTM PUT & buying 1 ITM PUT.

Nifty Bull Put Spread:

SELL 1 LOT PUT NIFTY 21SEP2023 19,800 @ 16

BUY 1 LOT PUT NIFTY 21SEP2023 19,950 @ 70

Target – 35 POINTS

Stop Loss – 19,800 (SPOT)

Nifty Weekly Series	Strike	OI (Lakh)
Max Call OI	20,000	3.53
	20,200	2.80
Addition in OI Calls	20,000	3.28
	20,100	1.87
Max Put OI	19,800	1.70
	19,900	1.65
Addition in OI Put	19,900	0.73
	19,700	0.62

Nifty Monthly Series	Strike	OI (Lakh)
Max Call OI	20,000	1.03
	20,200	0.68
Addition in OI Calls	20,000	0.50
	20,100	0.33
Max Put OI	19,000	1.02
	19,500	0.94
Addition in OI Put	19,900	0.11
	19,650	0.09

Net Change in Index Futures (Contracts)

Date	FI	Pro
20/08/2023	33,913	6,999
18/09/2023	58,995	3,065
15/09/2023	62,030	-5,764
14/09/2023	58,837	-4,901
13/09/2023	60,567	-13,693

Sentiment indicator:

Particulars	20-Sep	18-Sep	15-Sep	14-Sep
Nifty Premium/ (Discount)	68.60	47.45	57.25	84.05
PCR	0.80	1.11	1.03	1.03
A/D Ratio	0.24	0.92	1.78	1.31
VIX	11.13	10.84	10.9	11.28

Net Index Options Long (Call - Put = Contracts)		
Date	FII	Pro
20/08/2023	-72040	81839
18/09/2023	38083	-43721
15/09/2023	-2737	-247984
14/09/2023	-72130	-147106
13/09/2023	-136899	-222329

Net Change in Index Option Writing (Call - Put = Contracts)		
Date	FII	Pro
20/08/2023	79256	395016
18/09/2023	139476	165278
15/09/2023	-36	-361295
14/09/2023	-5283	-214939
13/09/2023	-132981	-416101

Index Long Short Ratio	
FII	61%
Pro	54%

Institutional activity in cash segment - Net Value (in crore)	20-Sep	18-Sep	15-Sep	14-Sep
FII	-1,236.51	-1,236.51	164.42	-1,047.19
DII	552.55	552.55	1,938.57	259.48

Top 3 Long Buildups				
Particulars	LTP	% Price Change	Open interest (Lakh)	% OI Change
HINDCOPPER	159.10	1.18%	418.64	27.75%
GLENMARK	864.70	1.38%	91.17	11.51%
AXISBANK	1,031.25	0.55%	408.09	7.91%

Top 3 Short Buildups				
Particulars	LTP	% Price Change	Open interest (Lakh)	% OI Change
HDFCBANK	1,569.75	-3.89%	1472.57	32.11%
HEROMOTOCO	3,066.00	-1.38%	46.02	16.98%
RELIANCE	2,391.00	-2.14%	516.95	14.10%

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