

**02<sup>nd</sup> November 2023**
**Derivatives Update | Private Client Group**
**Nifty Outlook:**

The index has been in a corrective phase since the highs of 20,222 levels that was achieved on 15<sup>th</sup> September. Nifty has breached multiple month's low and has now taken support near the 200-Day EMA (18,830). FII's have been constant sellers in the cash segment. In the index futures front the FII's have further added short positions. Total number of short contracts now stands at 157,326 vs prev 157,326. On 1<sup>st</sup> November; 5,612 long contracts were added compared to the addition of 10,455 short contracts in index futures; indicating further addition of short contracts. However; the long/short has started to move up from 11% to 15% now. On the index options front, the net call-put is indicating significant liquidation of put writers. To conclude, the data is negative from FII's point of view. Option chain data is indicating a range bound activity with a bearish bias.

**Weekly Expiry Point of View:**

Option chain data for today's weekly expiry is indicating a trading range of 18,900-19,100 zones. On the call side, 19,100 is the strike with highest OI. Majority of call writing was witnessed at this level; indicating resistance. On the put side, 18,900 is the strike with highest OI indicating support. As per the data, net call-put writing is indicating significant covering of put writers; which is a bearish indicator. Expect the index to show bearish bias with 18,850 as support.

**Strategy:**

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

**Nifty Bull Put Spread:**

SELL 1 LOT PUT NIFTY 02NOV2023 18,850 @ 17

BUY 1 LOT PUT NIFTY 02NOV2023 19,000 @ 67

Target – 40 POINTS

Stop Loss – 80 POINTS

| Nifty Weekly Series  | Strike | OI (Lakh) |
|----------------------|--------|-----------|
| Max Call OI          | 19,100 | 2.87      |
|                      | 19,200 | 2.55      |
| Addition in OI Calls | 19,100 | 1.46      |
|                      | 19,000 | 1.03      |
| Max Put OI           | 18,800 | 1.63      |
|                      | 18,900 | 1.52      |
| Addition in OI Put   | 18,850 | 0.58      |
|                      | 18,750 | 0.51      |

| Nifty Monthly Series | Strike | OI (Lakh) |
|----------------------|--------|-----------|
| Max Call OI          | 20,000 | 0.56      |
|                      | 19,000 | 0.55      |
| Addition in OI Calls | 19,100 | 0.06      |
|                      | 19,000 | 0.03      |
| Max Put OI           | 19,000 | 1.07      |
|                      | 18,000 | 0.82      |
| Addition in OI Put   | 18,000 | 0.04      |
|                      | 19,100 | 0.03      |

**Net Change in Index Futures (Contracts)**

| Date       | FII      | Pro    |
|------------|----------|--------|
| 01/11/2023 | -        | 23,994 |
| 31/10/2023 | 1,62,169 | 24,821 |
| 30/10/2023 | -        | 21,422 |
| 27/10/2023 | 1,57,326 | 19,771 |
| 26/10/2023 | 1,52,060 | 16,512 |

**Sentiment indicator:**

| Particulars               | 01-Nov | 31-Oct | 30-Oct | 27-Oct |
|---------------------------|--------|--------|--------|--------|
| Nifty Premium/ (Discount) | 71.10  | 78.60  | 80.00  | 84.10  |
| PCR                       | 0.82   | 0.92   | 1.10   | 0.97   |
| A/D Ratio                 | 0.32   | 0.96   | 1.08   | 7.33   |
| VIX                       | 12.05  | 11.82  | 11.49  | 10.9   |

| Net Index Options Long (Call - Put = Contracts) |         |         |
|---|---------|---------|
| Date  | FII     | Pro     |
| 01/11/2023                                      | -252645 | -1320   |
| 31/10/2023                                      | -273546 | 69500   |
| 30/10/2023                                      | -389062 | -177794 |
| 27/10/2023                                      | -200728 | -3603   |
| 26/10/2023                                      | -161605 | 111809  |

| Net Change in Index Option Writing (Call - Put = Contracts) |         |         |
|---|---------|---------|
| Date  | FII     | Pro     |
| 01/11/2023  | 45883   | 290869  |
| 31/10/2023  | 57294   | 376163  |
| 30/10/2023  | -136558 | -344880 |
| 27/10/2023  | 48733   | 83767   |
| 26/10/2023  | 212607  | 461655  |

| Index Long Short Ratio |     |
|------------------------|-----|
| FII                    | 15% |
| Pro                    | 63% |

| Institutional activity in cash segment - Net Value (in crore) | 01-Nov    | 31-Oct  | 30-Oct    | 27-Oct    |
|---|-----------|---------|-----------|-----------|
| FII   | -1,816.91 | -696.02 | -1,761.86 | -1,500.13 |
| DII   | 1,622.05  | 340.25  | 1,328.47  | 313.69    |

| Top 3 Long Buildups |          |                |                      |             |
|---------------------|----------|----------------|----------------------|-------------|
| Particulars         | LTP      | % Price Change | Open interest (Lakh) | % OI Change |
| IDEA                | 12.95    | 7.92%          | 16861.60             | 9.05%       |
| ALKEM               | 3,750.00 | 0.15%          | 8.38                 | 9.00%       |
| SUNPHARMA           | 1,121.90 | 2.75%          | 237.28               | 8.46%       |

| Top 3 Short Buildups |          |                |                      |             |
|----------------------|----------|----------------|----------------------|-------------|
| Particulars          | LTP      | % Price Change | Open interest (Lakh) | % OI Change |
| JINDALSTEL           | 587.00   | -7.76%         | 322.90               | 27.46%      |
| LT                   | 2,906.50 | -1.28%         | 104.97               | 18.21%      |
| SRF                  | 2,186.15 | -0.78%         | 42.90                | 16.62%      |

**Cholamandalam Securities Limited Member: BSE, NSE, MSE, NSDL, CDSL**  
**Regd. Office:** Chola Crest, C54 – 55 & Super B-4, Thiru-Vi-Ka Industrial Estate, Guindy, Chennai – 600032.  
**Website:** [www.cholawealthdirect.com](http://www.cholawealthdirect.com)  
**Email id –** [csecsupport@chola.murugappa.com](mailto:csecsupport@chola.murugappa.com)  
 CIN U65993TN1994PLC028674

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| <b>RESEARCH</b>  |                         |                  |                                |
|------------------|-------------------------|------------------|--------------------------------|
| Dharmesh Kant    | Head of Equity Research | +91-44-4004 7360 | dharmeshkt@chola.murugappa.com |
| Mugilan K        | Technical Analyst       | +91-44-4004 7353 | mugilank@chola.murugappa.com   |
|                  |                         |                  |                                |
| Balaji H         | Compliance Officer      | 044-30007226     | balajih@chola.murugappa.com    |
| Lakshmi Sundaram | Customer service        | 1800 425 4477    | lakshmis@chola.murugappa.com   |

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