

Nifty Outlook:

The Nifty has formed a lower low pattern on a weekly scale mainly due to profit booking at higher levels. Post selling, the index has corrected 50% of the Fibonacci retracement levels of the previous trend. FII's were net sellers both in Cash and F&O space for the last week and have commenced the week with selling in cash; indicating weakness. On the index futures front, short covering is seen from the FII's. However, to note; no fresh long contracts have been added by the FII's in the last 3 trading sessions. The long/short ratio in index futures has gone up from 45% to 47% indicating marginal short covering. The total number of short contracts has come down by 6,193 contracts. On 8th August, 1,144 long contracts were liquidated compared to liquidation of 7,337 short contracts in index futures. On the index options front, the net call-put writing has gone up by 92,459 contracts indicating addition of heavy call writing. To conclude, sentiments are neutral on the index. Expect the index to consolidate. The uptrend is intact as long as the index is trading above 19,200-19,300 levels.

Weekly Expiry Point of View:

Option chain data for this week's expiry is indicating a trading range of 19,400-19,600 zones. Call writing is seen at 19,600. On the call side, 19,600 is the strike with highest OI indicating resistance. On the put side, 19,500 is the strike with highest OI indicating support. As per the data, net call-put writing is indicating there have been addition of more call writers which is a bearish setup. 19,300 remains a key level for the index. However, expect Nifty to trade between a range of 19,400 to 19,600 levels.

Strategy:

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

Nifty Bull-Put Spread:

BUY 1 LOT PUT NIFTY 10AUG2023 19,600 @ 82

SELL 1 LOT PUT NIFTY 10AUG2023 19,400 @ 16

Max Profit – 65 POINTS

Stop Loss – 19,650 (SPOT)

Nifty Weekly Series	Strike	OI (Lakh)
Max Call OI	19,600	2.54
	19,800	1.67
Addition in OI Calls	19,600	1.14
	19,650	0.94
Max Put OI	19,500	1.87
	19,400	1.42
Addition in OI Put	19,600	0.41
	19,300	0.34

Nifty Monthly Series	Strike	OI (Lakh)
Max Call OI	20,000	0.61
	19,500	0.37
Addition in OI Calls	19,600	0.03
	19,900	0.02
Max Put OI	19,500	0.69
	18,500	0.39
Addition in OI Put	19,500	0.04
	19,400	0.02

Sentiment indicator:

Particulars	08-Aug	07-Aug	04-Aug	03-Aug
Nifty Premium / (Discount)	37.15	63.75	59.25	86.50
PCR	0.99	1.18	1.04	0.76
A/D Ratio	0.61	2.50	1.50	0.28
VIX	11.32	11.1	10.57	11.19

Net Change in Index Futures (Contracts)

Date	FII	Pro
08/08/2023	-12,550	-15,506
07/08/2023	-18,743	-4,611
04/08/2023	-25,595	-1,520
03/08/2023	-40,621	-3,761
02/08/2023	-4,343	-6,185

Net Index Options Long (Call - Put = Contracts)

Date	FII	Pro
08/08/2023	-6493	-29983
07/08/2023	-52546	-44640
04/08/2023	-136048	5284
03/08/2023	-17075	9431
02/08/2023	89283	338735

Net Change in Index Option Writing (Call - Put = Contracts)

Date	FII	Pro
08/08/2023	76362	93954
07/08/2023	-16097	131081
04/08/2023	-2896	168341
03/08/2023	127174	325926
02/08/2023	232033	785688

Index Long Short Ratio

FII	47%
Pro	40%

Institutional activity in cash segment - Net Value (in crore)

	08-Aug	07-Aug	04-Aug	03-Aug
FII	-711.34	-1,892.77	-556.32	-317.46
DIIs	537.31	1,080.80	366.61	1,729.19

Top 3 Long Buildups

Particulars	LTP	% Price Change	Open interest (Lakh)	% OI Change
CHAMBLFERT	274.25	0.55%	166.21	26.89%
MFSL	816.20	3.18%	52.66	18.44%
DIXON	4,885.00	3.91%	14.68	18.44%

Top 3 Short Buildups

Particulars	LTP	% Price Change	Open interest (Lakh)	% OI Change
TORNTPHARM	2,054.90	-0.57%	17.12	13.15%
HDFCLIFE	648.10	-0.63%	210.62	12.62%
TATACHEM	1,008.00	-3.17%	95.10	12.52%

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