

26th October 2023
Derivatives Update | Private Client Group
Nifty Outlook:

The index has been witnessing indecisiveness for multiple trading sessions. However; on 23rd Oct; Nifty breached the support zone of 100DEMA (19,323) and has further closed below multi-month's low. As things stand; FI's are constant sellers in the cash segment. In the index futures front the FI's have added fresh short contracts. Total number of short contracts has gone up from 92,320 vs prev 90,512. On 25th October; 1,540 long contracts were added compared to addition of 3,348 short contracts in index futures; indicating further short built-up. On the index options front, the net call-put is indicating dominance of call writers. To conclude, the data is negative from FI's point of view. Further weakness can be expected in the index if 19,300 is not reclaimed.

Weekly Expiry Point of View:

Option chain data for today's weekly expiry is indicating a trading range of 19,000-19,200 zones. On the call side, 19,200 & 19,300 are the strikes with highest OI. An immediate resistance would be 19,200 as the highest addition of call writing was witnessed at that strike. On the put side, 19,000 is the strike with highest OI indicating support. As per the data, net call-put writing is indicating dominance of call writers; which is a bearish indicator. Expect the index to show further weakness if 19,300 is not reclaimed on the upside.

Strategy:

The sentiment on Nifty is 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 26OCT2023 19,000 @ 18

BUY 1 LOT PUT NIFTY 26OCT2023 19,100 @ 41

Target – 30 POINTS

Stop Loss – 19,000 (SPOT)

Nifty Weekly Series	Strike	OI (Lakh)
Max Call OI	19,500	2.85
	19,300	2.70
Addition in OI Calls	19,200	2.38
	19,300	1.96
Max Put OI	19,000	2.54
	19,100	1.61
Addition in OI Put	19,000	0.83
	19,050	0.75

Nifty Monthly Series	Strike	OI (Lakh)
Max Call OI	19,500	2.85
	19,300	2.70
Addition in OI Calls	19,200	2.38
	19,300	1.96
Max Put OI	19,000	2.54
	19,100	1.61
Addition in OI Put	19,000	0.83
	19,050	0.75

Net Change in Index Futures (Contracts)

Date	FII	Pro
25/10/2023	-92,320	12,150
23/10/2023	-90,512	27,100
20/10/2023	-89,518	41,264
19/10/2023	-82,927	39,271
18/10/2023	-80,210	42,529

Sentiment indicator:

Particulars	25-Oct	23-Oct	20-Oct	19-Oct
Nifty Premium/ (Discount)	100.85	-12.55	-14.80	-5.95
PCR	0.68	0.72	0.90	0.95
A/D Ratio	0.25	0.04	0.40	0.47
VIX	11.31	10.9	10.82	10.9

Net Index Options Long (Call - Put = Contracts)		
Date	FII	Pro
25/10/2023	347329	638718
23/10/2023	111395	291066
20/10/2023	-261530	62701
19/10/2023	-245146	75013
18/10/2023	-208054	103333

Net Change in Index Option Writing (Call - Put = Contracts)		
Date	FII	Pro
25/10/2023	652899	1288227
23/10/2023	390677	840964
20/10/2023	105497	453345
19/10/2023	64658	369563
18/10/2023	48474	505907

Index Long Short Ratio	
FII	26%
Pro	55%

Institutional activity in cash segment - Net Value (in crore)	25-Oct	23-Oct	20-Oct	19-Oct
FII	-4,236.60	252.25	456.21	-1,093.47
DII	3,569.36	1,111.84	8.53	736.15

Top 3 Long Buildups				
Particulars	LTP	% Price Change	Open interest (Lakh)	% OI Change
PEL	976.95	0.47%	152.06	50.32%
SUNPHARMA	1,123.40	0.18%	336.24	50.06%
MARUTI	10,589.60	0.23%	46.25	45.00%

Top 3 Short Buildups				
Particulars	LTP	% Price Change	Open interest (Lakh)	% OI Change
IBULHSGFIN	156.30	-0.60%	881.94	62.76%
ACC	1,889.55	-0.45%	97.13	62.37%
DABUR	519.00	-0.46%	314.81	50.87%

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
Email id – csecsupport@chola.murugappa.com
CIN U65993TN1994PLC028674

Cholamandalam Securities Limited (CSEC) is a SEBI registered stock broker and depository participant. CSEC does not provide investment advisory services. Investors are advised to consult an independent financial advisor before taking any investment decisions.

RESEARCH			
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

Disclaimer:

This report is for private circulation and for the personal information of the authorized recipient only, and we are not soliciting any action based upon it. This report is not to be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not provide individually tailor-made investment advice and has been prepared without regard to any specific investment objectives, financial situation, or any particular needs of any of the persons who receive it.

The research analyst(s), Cholamandalam Securities Limited (CSL), AMFI registered mutual fund distributor, who is primarily responsible for this report certifies that: (1) all of the views expressed in this report accurately reflect his or her personal opinions about any and all of the subject securities or issuers; and (2) no part of any of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this report. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of Cholamandalam Securities Limited makes every effort to use reliable, comprehensive information, but we make no representation that it is accurate or complete.

The views expressed are those of the analyst and the Company may or may not subscribe to all the views expressed therein Cholamandalam Securities Limited reserves the right to make modifications and alterations to this statement as may be required from time to time without any prior approval. Cholamandalam Securities Limited, its affiliates, directors and employees may from time to time, effect or have effect an own account transaction in or deal as agent in or for the securities mentioned in this report. The recipient should take this into account before interpreting the report.

All investors may not find the securities discussed in this report to be suitable. Cholamandalam Securities Limited recommends that investors independently evaluate particular investments and strategies. Investors should seek the advice of a financial advisor with regard to the appropriateness of investing in any securities / investment strategies recommended in this report. The appropriateness of a particular investment or strategy will depend on an investor's individual preference. Past performance is not necessary a guide to future performance. Estimates of future prospects are based on assumptions that may not be realized. Re-publication or redistribution in any form, in whole or in part, is prohibited. No part of this material may be duplicated in any form and/or redistributed without Cholamandalam Securities Limited prior written consent. The news items appearing in this are collected from various media sources and we make no representations that it is complete or accurate.