

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. The long/short ratio in index futures has marginally gone up from 44% to 45% indicating marginal short covering. The total number of short contracts has come down by 6,852 contracts. On 7th August, 6,192 long contracts were liquidated compared to liquidation of 13,044 short contracts in index futures. On index options front, the net call-put writing has further gone down by 13,201 contracts indicating addition of more put writers. To conclude, sentiments are neutral to slightly bullish on the index. Expect the index to move up in the coming sessions. The uptrend is intact as long as the index is trading above 19,300 levels.

Weekly Expiry Point of View:

Option chain data for this week's expiry is indicating a trading range of 19,500-19,700 zones. Call writing is seen at 19,700. 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 put writers which is a positive setup. 19,300 remains a key level for the index. However, expect Nifty to trade between a range of 19,500 to 19,700 levels.

Strategy:

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

Nifty Bull-Call Spread:

BUY 1 LOT CALL NIFTY 10AUG2023 19,550 @ 109

SELL 1 LOT PUT NIFTY 10AUG2023 19,750 @ 21

Max Profit – 70 POINTS

Stop Loss – 19,500 (SPOT)

Nifty Weekly Series	Strike	OI (Lakh)
Max Call OI	19,600	1.59
	20,000	1.59
Addition in OI Calls	20,000	0.38
	19,700	0.28
Max Put OI	19,500	2.06
	19,400	1.34
Addition in OI Put	19,550	0.97
	19,500	0.95

Nifty Monthly Series	Strike	OI (Lakh)
Max Call OI	20,000	0.62
	19,500	0.35
Addition in OI Calls	20,000	0.03
	20,100	0.02
Max Put OI	19,000	0.82
	19,500	0.65
Addition in OI Put	19,100	0.04
	19,300	0.03

Sentiment indicator:

Particulars	07-Aug	04-Aug	03-Aug	02-Aug
Nifty Premium / (Discount)	-68.70	59.25	86.50	70.00
PCR	1.18	1.04	0.76	0.75
A/D Ratio	2.50	1.50	0.28	0.16
VIX	11.1	10.57	11.19	11.28

Net Change in Index Futures (Contracts)

Date	FII	Pro
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
01/08/2023	5,420	2,628

Net Index Options Long (Call - Put = Contracts)

Date	FII	Pro
07/08/2023	-52546	-44640
04/08/2023	-136048	5284
03/08/2023	-17075	9431
02/08/2023	89283	338735
01/08/2023	122158	-113314

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

Date	FII	Pro
07/08/2023	-16097	131081
04/08/2023	-2896	168341
03/08/2023	127174	325926
02/08/2023	232033	785688
01/08/2023	203212	76803

Index Long Short Ratio

FII	45%
Pro	47%

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

	07-Aug	04-Aug	03-Aug	02-Aug
FII	-1,892.77	-556.32	-317.46	-1,877.84
DIIs	1,080.80	366.61	1,729.19	-2.23

Top 3 Long Buildups

Particulars	LTP	% Price Change	Open interest (Lakh)	% OI Change
IPCALAB	925.45	1.87%	26.50	16.61%
DIXON	4,700.00	1.79%	13	14.41%
CIPLA	1,228.95	1.52%	0.71	11.44%

Top 3 Short Buildups

Particulars	LTP	% Price Change	Open interest (Lakh)	% OI Change
RAMCOCEM	862.00	-1.69%	42.86	30.55%
BALRAMCHIN	405.50	-2.34%	147.13	28.13%
INDIACEM	215.65	-4.60%	263.63	26.25%

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CIN – U65993TN1994PLC028674