

Nifty Outlook:

The Nifty has formed a lower low pattern on a weekly scale mainly due to profit booking at higher levels. The index has corrected 50% Fibonacci retracement of the previous trend. FI's have been net sellers both in Cash and F&O space for the last week indicating weakness. On the index futures front, some short covering of contracts was seen towards the end of the week. The long/short ratio in index futures has gone up from 40% to 44% indicating some addition of long contracts. However, the total number of short contracts is at 25,595. On 4th August, 9,948 long contracts were added compared to liquidation of 5,078 short contracts in index futures. On index options front, the net call-put writing has further gone down by 130,070 contracts indicating addition of put writers. To conclude, sentiments are neutral on the index. Expect further consolidation to continue. The uptrend remains intact as long as the index is trading above 19,200.

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, 19,400 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 19,400 to 19,600 levels.

Strategy:

The sentiment on Nifty is neutral. One can use theta scalping as a strategy.

Nifty Theta scaling strategy:

SELL 1 LOT CALL NIFTY 10AUG2023 19,700 @ 26

SELL 1 LOT PUT NIFTY 10AUG2023 19,300 @ 22

Max Profit – 48 POINTS

Stop Loss – 80 POINTS

Nifty Weekly Series	Strike	OI (Lakh)
Max Call OI	19,600	1.39
	20,000	1.20
Addition in OI Calls	19,600	0.67
	19,850	0.36
Max Put OI	19,400	1.36
	19,500	1.19
Addition in OI Put	19,500	0.79
	19,400	0.47

Nifty Monthly Series	Strike	OI (Lakh)
Max Call OI	20,000	0.58
	19,500	0.47
Addition in OI Calls	20,000	0.02
	19,500	0.02
Max Put OI	19,000	0.81
	19,500	0.67
Addition in OI Put	19,000	0.06
	19,250	0.03

Sentiment indicator:

Particulars	04-Aug	03-Aug	02-Aug	01-Aug
Nifty Premium / (Discount)	56.00	86.50	70.00	79.00
PCR	1.04	0.76	0.75	0.92
A/D Ratio	1.50	0.28	0.16	0.81
VIX	10.57	11.19	11.28	10.28

Net Change in Index Futures (Contracts)

Date	FI	Pro
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
31/07/2023	5,667	-2,280

Net Index Options Long (Call - Put = Contracts)

Date	FII	Pro
04/08/2023	-136048	5284
03/08/2023	-17075	9431
02/08/2023	89283	338735
01/08/2023	122158	-113314
31/07/2023	139185	-22039

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

Date	FII	Pro
04/08/2023	-2896	168341
03/08/2023	127174	325926
02/08/2023	232033	785688
01/08/2023	203212	76803
31/07/2023	205811	1559

Index Long Short Ratio

FII	44%
Pro	49%

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

	04-Aug	03-Aug	02-Aug	01-Aug
FII	-556.32	-317.46	-1,877.84	-92.85
DIIs	366.61	1,729.19	-2.23	1,035.69

Top 3 Long Buildups

Particulars	LTP	% Price Change	Open interest (Lakh)	% OI Change
LICHSGFIN	430.00	8.39%	259.76	29.88%
MRF	1,11,900.00	3.78%	0.57	19.72%
DIXON	4,606.00	3.14%	12.37	19.69%

Top 3 Short Buildups

Particulars	LTP	% Price Change	Open interest (Lakh)	% OI Change
MGL	1,043.35	-6.22%	42.40	37.47%
CUMMINSIND	1,795.15	-5.25%	55.71	31.70%
SBIN	577.70	-2.92%	1014.79	31.63%

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