

20th November 2023
Derivatives Update | Private Client Group
Nifty Outlook:

Post the correction phase that began at the highs of 20,222 levels that was achieved on 15th September. Nifty took support at the 200-Day EMA (18,830). Post this, the index has rallied 1000 points on the upside. On a daily time frame, a higher high pattern is intact indicating an uptrend. FIIs have been constant net sellers in the cash segment. Additionally; in the index futures front the FIIs have not covered the majority of their short positions. Total number of short contracts now stands at 136,416. On 17th November; 5,141 long contracts were liquidated compared to addition of 4,195 short contracts in index futures; indicating long covering. Additionally; the long/short has come down from 23% to 21% now. On the index options front, the net call-put is indicating significant addition of call writers; which is a negative indicator. To conclude, the data is negative from FII's point of view. Option chain data is indicating a range bound activity for the index with 19,600 as a SL.

Weekly Expiry Point of View:

Option chain data for this weekly expiry is indicating a trading range of 19,700-19,900 zones. On the call side, 19,900 is the strike with highest OI. Majority of call writing was witnessed at this level; indicating resistance. On the put side, 19,700 is the strike with highest OI indicating support. As per the data, net call-put writing is indicating significant addition of call writers; which is a bearish indicator. Expect the index to be range bound with 19,700 as a sl for intra-day.

Strategy:

The sentiment on Nifty is bullish but is likely to be range bound. The strategy can be played out by selling 1 OTM PUT & selling 1 OTM CALL.

Nifty Theta Scalping:

SELL 1 LOT PUT NIFTY 23NOV2023 19,550 @ 24

SELL 1 LOT CALL NIFTY 23NOV2023 20,000 @ 22

Target – COMBINED PREMIUM 20 POINTS

Stop Loss – COMBINED PREMIUM 65 POINTS

Sentiment indicator:

| Particulars | 17-Nov | 16-Nov | 15-Nov | 13-Nov |
|------------------------------|--------|--------|--------|--------|
| Nifty Premium/ (Discount) | 74.70 | 64.50 | 48.15 | 53.60 |
| PCR | 1.03 | 1.18 | 1.19 | 1.00 |
| A/D Ratio | 1.27 | 1.63 | 15.67 | 0.47 |
| VIX | 11.83 | 11.65 | 11.14 | 11.19 |

| Nifty Weekly Series | Strike | OI (Lakh) |
|----------------------|--------|-----------|
| Max Call OI | 19,800 | 1.71 |
| | 20,500 | 1.33 |
| Addition in OI Calls | 19,800 | 0.95 |
| | 20,400 | 0.60 |
| Max Put OI | 19,700 | 1.17 |
| | 19,600 | 1.04 |
| Addition in OI Put | 19,100 | 0.45 |
| | 19,000 | 0.43 |

| Nifty Monthly Series | Strike | OI (Lakh) |
|----------------------|--------|-----------|
| Max Call OI | 20,000 | 0.67 |
| | 19,800 | 0.67 |
| Addition in OI Calls | 19,800 | 0.12 |
| | 20,500 | 0.08 |
| Max Put OI | 19,000 | 0.85 |
| | 19,500 | 0.66 |
| Addition in OI Put | 19,700 | 0.06 |
| | 19,400 | 0.05 |

Net Change in Index Futures (Contracts)

| Date | FII | Pro |
|------------|-----------|--------|
| 17/11/2023 | -1,36,416 | 33,240 |
| 16/11/2023 | -1,27,080 | 31,605 |
| 15/11/2023 | -1,43,227 | 31,533 |
| 13/11/2023 | -1,47,443 | 32,200 |
| 10/11/2023 | -1,56,828 | 38,535 |

| Net Index Options Long (Call - Put = Contracts) | | |
|---|---------|--------|
| Date | FII | Pro |
| 17/11/2023 | -308728 | 21180 |
| 16/11/2023 | -273181 | -40526 |
| 15/11/2023 | -303330 | -63373 |
| 13/11/2023 | -222158 | -20923 |
| 10/11/2023 | -236361 | -86857 |

| Net Change in Index Option Writing (Call - Put = Contracts) | | |
|---|--------|--------|
| Date | FII | Pro |
| 17/11/2023 | 16806 | 557136 |
| 16/11/2023 | -20001 | 10080 |
| 15/11/2023 | -51530 | -97784 |
| 13/11/2023 | 1041 | 53657 |
| 10/11/2023 | -22073 | -24091 |

| Index Long Short Ratio | |
|------------------------|-----|
| FII | 21% |
| Pro | 66% |

| Institutional activity in cash segment - Net Value (in crore) | 17-Nov | 16-Nov | 15-Nov | 13-Nov |
|---|---------|--------|--------|-----------|
| FIIs | -477.76 | 957.25 | 550.19 | -1,244.44 |
| DIIIs | -565.48 | 705.65 | 609.82 | 830.40 |

| Top 3 Long Buildups | | | | |
|---------------------|-------------|----------------|----------------------|-------------|
| Particulars | LTP | % Price Change | Open interest (Lakh) | % OI Change |
| SBILIFE | 1,416.85 | 4.00% | 72.49 | 16.50% |
| MRF | 1,11,901.20 | 1.07% | 0.46 | 16.14% |
| EXIDEIND | 282.60 | 3.46% | 181.76 | 15.62% |

| Top 3 Short Buildups | | | | |
|----------------------|--------|----------------|----------------------|-------------|
| Particulars | LTP | % Price Change | Open interest (Lakh) | % OI Change |
| SBICARD | 727.00 | -6.11% | 176.20 | 59.77% |
| RBLBANK | 235.35 | -7.72% | 686.50 | 53.41% |
| SBIN | 564.80 | -3.72% | 1206.63 | 42.78% |

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