

**Nifty Outlook:**

The Nifty has formed a lower low pattern on a weekly scale as we are witnessing a correction. The index has corrected 50% Fibonacci retracement of the previous trend. FI's have been selling both in Cash and F&O space for the past three trading sessions indicating weakness. On the index futures front, FI's have further liquidated long contracts in index futures. The long/short ratio in index futures has further come down from 49% to 40% indicating addition of more short contracts. The total number of short contracts is at 40,621. On 3<sup>rd</sup> August, 7,613 long contracts were liquidated compared to addition of 28,665 short contracts in index futures. On the index options front, the net call-put writing has gone down by 104,859 contracts indicating concentration of call writers. To conclude, sentiments are bearish on the index. Furthermore, weakness can be expected as long as the index is trading below 19,500.

**Weekly Expiry Point of View:**

Option chain data for next weekly expiry is indicating a trading range of 19,200-19,500 zones. Call writing is seen at 19,500 On the call side, 19,500 is the strike with highest OI indicating resistance. On the put side, 19,400 is the strike with highest OI. As per the data, net call-put writing is indicating there are more call writers which is a bearish setup. 19,200-19,300 remains a key support area and the index is likely to trade between the range of 19,200 – 19,500.

**Strategy:**

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

Bear Put Spread Strategy:

BUY 1 LOT PUT NIFTY 10AUG2023 19,500 @ 153

SELL 1 LOT PUT NIFTY 10AUG2023 19,300 @ 62

Max Profit – 70 POINTS

Stop Loss – 19,500 (SPOT)

Nifty Weekly Series	Strike	OI (Lakh)
Max Call OI	20,000	1.09
	19,500	1.08
Addition in OI Calls	19,500	0.87
	19,400	0.85
Max Put OI	19,400	0.87
	19,200	0.59
Addition in OI Put	19,400	0.58
	18,500	0.51

Nifty Monthly Series	Strike	OI (Lakh)
Max Call OI	20,000	0.55
	19,500	0.45
Addition in OI Calls	19,500	0.15
	19,400	0.08
Max Put OI	19,000	0.76
	19,500	0.64
Addition in OI Put	18,500	0.04
	18,800	0.03

**Sentiment indicator:**

Particulars	03-Aug	02-Aug	01-Aug	31-Jul
Nifty Premium / (Discount)	88.35	70.00	79.00	90.15
PCR	0.76	0.75	0.92	1.01
A/D Ratio	0.28	0.16	0.81	2.57
VIX	11.18	11.28	10.28	10.41

**Net Change in Index Futures (Contracts)**

Date	FI	Pro
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
28/07/2023	13,814	-5,318

#### Net Index Options Long (Call - Put = Contracts)

Date	FII	Pro
03/08/2023	-17075	9431
02/08/2023	89283	338735
01/08/2023	122158	-113314
31/07/2023	139185	-22039
28/07/2023	138580	30685

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

Date	FII	Pro
03/08/2023	127174	325926
02/08/2023	232033	785688
01/08/2023	203212	76803
31/07/2023	205811	1559
28/07/2023	282702	390340

#### Index Long Short Ratio

FII	40%
Pro	47%

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

	03-Aug	02-Aug	01-Aug	31-Jul
FII	-317.46	-1,877.84	-92.85	-701.17
DIIs	1,729.19	-2.23	1,035.69	2,488.07

#### Top 3 Long Buildups

Particulars	LTP	% Price Change	Open interest (Lakh)	% OI Change
DIXON	4,483.90	7.82%	11.78	16.29%
MARICO	576.20	1.88%	88.78	15.59%
MRF	1,08,298.65	4.97%	0.48	15.18%

#### Top 3 Short Buildups

Particulars	LTP	% Price Change	Open interest (Lakh)	% OI Change
VEDL	241.45	-8.04%	1021.44	57.99%
GODREJPROP	1,575.65	-5.60%	39.15	26.72%
L&TFH	126.90	-3.09%	799.14	14.87%

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