Sensex (38628) / Nifty (11387)

Yesterday morning, the global set up was just ideal for our markets to have a head-start for the new trading week. At the opening, we started with a decent bump up to mark a new six-month high. Subsequently, for an hour or so, markets remained in this bullish zone and post this, it just turned out to be one of the terrible days in the recent past. The sell off mainly triggered after the news of India-China clash once again taking place at the border. This resulted into a massive liquidation in our markets by continuing sell off throughout the remaining part of the day to eventually conclude with a massive cut of 260 points from the Friday's close (and more than 400 points from morning high).

The way the market plunged yesterday post the cheerful opening, it finally gave some justice to our recent cautious stance. Since last week or so, we were sounding a bit contradictory and have been advocating booking profits continuously in the rally. It might have sounded a bit repetitive but this is how the market surprises us and hence, it's better to be proactive at times; because when the market takes a U-turn, it happens all of a sudden and does not give much time to react to the development. Yes, nobody can predict what will trigger the selloff; but the velocity at which it falls, it can be very intimidating for momentum traders at least. So. It's all advisable for traders to take some money off the table when the market turns euphoric. Now with yesterday's development, **11750-11800** has now become a sturdy wall and we do not see it breaking upwards immediately. Before this, in case if Nifty gives a rebound towards **11500-11600**, one should use it as an exit strategy for existing longs. On the downside, Nifty has now reached a key support zone of **11300-11250**. The moment we breach this (which looks on cards), get ready for an extended correction towards **11100-11000** in days to come.

Exhibit 1: Nifty Daily Chart

Yesterday, barring IT, no other sector was spared; in fact, the recent driver, Banking has taken a solid toll after precisely testing it's '200-SMA' early in the morning. The major casualties were seen in the broader market, who were enjoying a strong Bull Run since the last few weeks. We reiterate that we were cautious because the market had become complacent and when things become hunky dory, the market tends to give some reality checks soon and this is exactly what we witnessed. By saying all this, we are not all expecting a similar kind of sell off (no way closer) that we witnessed in March. In fact, if the correction extends, it should be considered a healthy one with a longer run and would provide better opportunities for those who are sitting on the sidelines.

.Key Levels

Support 1 – 11300	Resistance 1 – 11500
Support 2 – 11250	Resistance 2 – 11600

Nifty Bank Outlook - (23754)

On the back of positive global cues, the Bank Nifty opened gap up yesterday and surpassed the **25000** mark. However, the index started correcting after a few minutes of positive traction and it plunged to correct more than 1800 points from the day's high and end with a loss of over 3 percent from Friday's close. In the last few sessions, Bank Nifty has taken the leadership to drive the markets higher and has rallied sharply to cover up its recent underperformance. This continued yesterday in the opening ticks as well, but there was a major hurdle at its '200 DMA' which it hadn't tested in the last six months. The resistance played its role and then we witnessed a sharp sell off from the highs along with the broader markets. Technically, this large body candle has led to formation of a ' Dark Cloud Cover' candlestick pattern which indicates a shift in momentum to the downside. Thus, from a near term perspective, traders should stay light on positions and use pullback move as an opportunity to exit from long positions. The immediate hurdles are seen around **24125** and **24500** whereas supports are placed around **23210** and **23000**.

Key Levels

Support 1 – 23210	Resistance 1 – 24125
Support 2 – 23000	Resistance 2 – 24500

Exhibit 2: Nifty Bank Daily Chart

Comments

- The Nifty futures open interest has decreased by 7.39% Bank Nifty futures open interest has decreased by 1.71% as market closed at **11387.50** levels.
- The Nifty September future closed with a premium of 14.45 point against a premium of 27.65 point in last trading session. The October series closed at a premium of 43 point.
- The INDIA VIX has increased from 18.34 to 22.83. At the same time, the PCR-OI of Nifty decreased from 1.64 to 1.17.
- Few of the liquid counters where we have seen high cost of carry are ASHOKLEY, NTPC, BALKRISIND, PFC AND EICHERMOT.

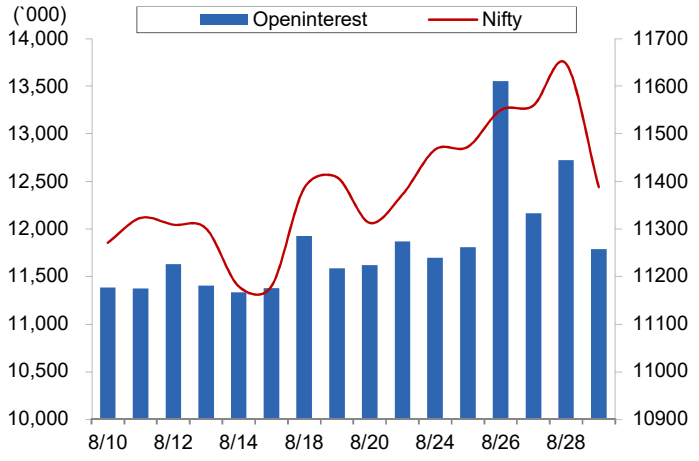
Views

- The week started on positive note and the bias remained positive for the first hour however all of sudden sharp selloff was seen pulling Index lower to end with loss of 2.23% at **11387.50.**
- FIIs were net sellers in the cash market segment to the tune of Rs. **3395** crores (includes MSCI deal). In index futures, they sold worth **4068** crores with increase in open interest indicating combination of short formation and long unwinding in yesterday's session.
- Although the Nifty opened on a positive note, it corrected sharply during the day due to long unwinding. The open interest in Nifty decreased by over 7 percent indicating profit booking on long positions. FII's unwound their long positions in the index futures segment and formed short positions too. Due to this,their 'Long Short Ratio' which was over 77 percent on Friday, has declined to 58 percent.The INDIAVIX increased by 25 percent to level around 23. In options segment, open interest addition was seen in call options of **11400** and above strikes whereas **11600-11500** put options saw unwinding of positions. The above data indicates change in stance by the stronger hands as the market corrected. On pullback move, **11600-11700** could now be the immediate resistance for near term. Hence, traders are advised to stay light on positions and look to lighten up positions on any pullback move.

Historical Volatility

SCRIP	HV
BOSCHLTD	51.45
NMDC	60.30
GMRINFRA	55.58
PVR	64.20
APOLLOTYRE	52.49

Nifty Vs OI



OI Gainers

SCRIP	OI	OI CHG. (%)	PRICE	PRICE CHG. (%)
BHARTIARTL	131185923	24.55	513.10	-1.58
ASHOKLEY	27207000	23.14	67.65	-3.81
ESCORTS	2758800	21.28	1087.55	-4.29
AMARAJABAT	1232000	19.84	728.00	-2.93
IDFCFIRSTB	124488000	11.58	32.00	-6.07
GODREJPROP	909350	11.03	913.25	1.38
PNB	52934000	9.15	35.05	-5.64
HINDALCO	21779500	8.83	185.25	-4.39

OI Losers

SCRIP	OI	OI CHG. (%)	PRICE	PRICE CHG. (%)
BANDHANBNK	21232800	-20.94	305.80	-4.49
RBLBANK	16764800	-20.17	195.95	-7.21
BANKBARODA	59942000	-17.28	48.95	-5.69
UPL	8684000	-12.49	505.95	-2.63
INDUSINDBK	28380800	-11.37	630.20	-5.61
IDEA	459200000	-9.52	10.20	0.00
MFSL	1691300	-9.27	589.20	-1.87
CANBK	12645000	-8.63	107.50	-6.64

Put-Call Ratio

SCRIP	PCR-OI	PCR-VOL
NIFTY	1.17	1.08
BANKNIFTY	0.73	1.10
RELIANCE	0.59	0.50
ICICIBANK	0.59	0.64
INFY	0.46	0.47

FII Statistics for August 31, 2020

Detail	Buy	Sell	Net	Open Interest		
				Contracts	Value (in Cr.)	Change (%)
INDEX FUTURES	7528.42	11596.29	(4067.87)	139247	11127.04	1.98
INDEX OPTIONS	308568.97	308785.44	(216.47)	734518	57972.89	10.95
STOCK FUTURES	24825.62	26169.73	(1344.11)	1210558	85579.18	(0.97)
STOCK OPTIONS	7892.34	7896.39	(4.05)	61033	4275.27	33.05
Total	348815.35	354447.85	(5632.50)	2145356	158954.38	3.80

Turnover on August 31, 2020

Instrument	No. of Contracts	Turnover (in Cr.)	Change (%)
Index Futures	8,39,830	59296.00	71.54
Index Options	2,91,80,034	20,94,649.77	72.20
Stock Futures	12,09,828	87980.48	28.93
Stock Options	14,03,657	1,06,311.96	27.84
Total	3,26,33,349	23,48,238.21	67.45

Nifty Spot = 11387.50

Bull-Call Spreads

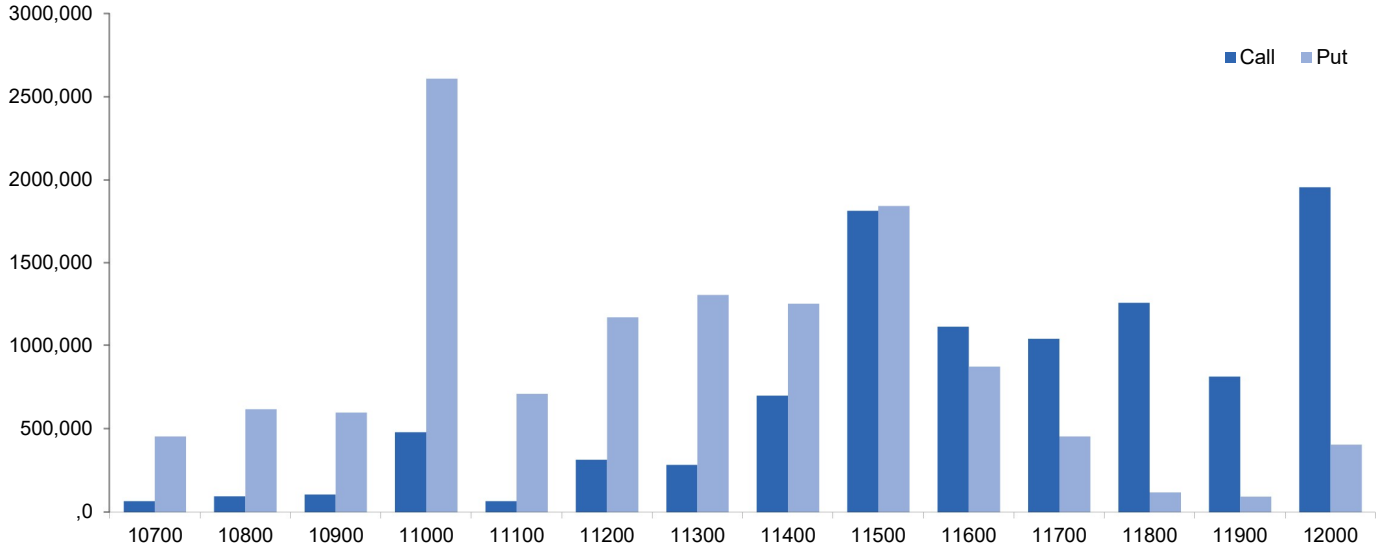
Action	Strike	Price	Risk	Reward	BEP
Buy	11400	251.80	52.00	48.00	11452.00
Sell	11500	199.80			
Buy	11400	251.80	96.85	103.15	11496.85
Sell	11600	154.95			
Buy	11500	199.80	44.85	55.15	11544.85
Sell	11600	154.95			

Bear-Put Spreads

Action	Strike	Price	Risk	Reward	BEP
Buy	11400	249.70	39.95	60.05	11360.05
Sell	11300	209.75			
Buy	11400	249.70	81.45	118.55	11318.55
Sell	11200	168.25			
Buy	11300	209.75	41.50	58.50	11258.50
Sell	11200	168.25			

Note: Above mentioned Bullish or Bearish Spreads in Nifty (September Series) are given as an information and not as a recommendation.

Nifty Put-Call Analysis



Daily Pivot Levels for Nifty Constituents

Scrips	S2	S1	PIVOT	R1	R2
ADANIPORTS	336	346	362	372	388
ASIANPAINT	1,819	1,859	1,921	1,962	2,024
AXISBANK	458	477	506	525	553
BAJAJ-AUTO	2,898	2,932	2,981	3,015	3,064
BAJFINANCE	3,283	3,385	3,568	3,670	3,852
BAJAJFINSV	5,797	5,994	6,332	6,529	6,867
BPCL	389	399	412	422	436
BHARTIARTL	501	507	515	521	528
INFRATEL	184	191	201	209	219
BRITANNIA	3,613	3,670	3,740	3,797	3,867
CIPLA	674	694	725	744	775
COALINDIA	129	131	137	140	145
DRREDDY	4,094	4,179	4,302	4,388	4,510
EICHERMOT	1,975	2,034	2,131	2,190	2,288
GAIL	91	93	97	100	104
GRASIM	645	660	685	700	726
HCLTECH	663	679	702	718	741
HDFCBANK	1,074	1,095	1,122	1,143	1,170
HDFC	551	563	579	591	607
HEROMOTOCO	1,726	1,779	1,851	1,904	1,975
HINDALCO	2,898	2,952	3,020	3,075	3,143
HINDUNILVR	176	181	189	193	202
ICICIBANK	2,062	2,090	2,129	2,156	2,195
IOC	367	381	401	415	436
INDUSINDBK	81	84	88	90	94
INFY	563	597	654	688	746
ITC	895	912	931	948	967
JSW STEEL	184	188	193	197	202
KOTAKBANK	260	265	273	278	287
LT	1,298	1,350	1,426	1,477	1,553
M&M	905	925	960	980	1,015
MARUTI	578	593	617	631	655
NESTLEIND	6,561	6,700	6,930	7,070	7,300
NTPC	15,625	15,787	16,037	16,199	16,449
ONGC	91	94	98	101	105
POWERGRID	78	80	83	85	87
RELIANCE	173	176	181	184	188
SHREECEM	1,991	2,036	2,105	2,150	2,219
SBIN	19,074	19,679	20,614	21,219	22,154
SUNPHARMA	197	204	218	226	239
TCS	485	503	532	549	579
TATAMOTORS	2,206	2,231	2,254	2,280	2,302
TATASTEEL	133	138	143	148	153
TECHM	398	405	418	425	438
TITAN	707	724	749	766	792
ULTRACEMCO	1,046	1,073	1,113	1,140	1,180
UPL	3,754	3,829	3,958	4,032	4,161
VEDANTA	480	493	514	527	548
WIPRO	260	266	274	280	288
ZEEL	191	197	207	214	224

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