

Sensex (36940) / Nifty (10892)

Nifty started trading for the week marginally negative above the **11050** mark. However, it corrected from the opening ticks itself and crept lower throughout the day to end below **10900**, with a loss of over 180 points.

During end of last week, the index had indicated some signs of profit booking and we witnessed a continuation of the correction in Nifty in yesterday's session. The Bank Nifty index, which had recently seen a relative underperformance, continued to be the culprit to drag the index lower. If we look at the recent historical data, Nifty had given a range breakout during mid-July above the resistance of **10890**. After a move upto **11340** post the breakout, the index has seen a pullback move and is now back to that level. As per the role reversal technique in technical analysis, such previous breakouts usually act as support on pullback moves and this also coincides with the '200 SMA' on the daily chart. The index has ended in the vicinity of the support range of **10870-10900** and thus, we could again see some pullback if this support holds its importance. Below this, the hourly charts implies intraday support around **10800** mark. However, one should also keep a tab on the Bank Nifty index without which a meaningful pullback in Nifty would be difficult. Traders are advised to avoid forming shorts at current zone as there are multiple supports seen. The intraday resistance in Nifty for the coming session is seen in the range of **11000-11050**.

Exhibit 1: Nifty Daily Chart



In spite of the negative momentum in the index, the overall stocks specific action was quite mixed and the market breadth was in fact marginally positive. The Pharma space kept buzzing with the midcap names from that space joining the momentum and the Nifty Midcap index too showed relative outperformance to the benchmark. Hence, trading with a stock specific approach would provide better opportunities and hence traders are advised to capitalize on the same.

Key Levels

| | |
|-------------------|----------------------|
| Support 1 – 10870 | Resistance 1 – 11000 |
| Support 2 – 10800 | Resistance 2 – 11050 |

Nifty Bank Outlook - (21072)

If we keep aside the banking space, the market does not appear to be weak. If Nifty has corrected from **11300** plus levels, the banking is the sole culprit behind this more than 400 points decline. Now both Nifty and Bank Nifty are placed at 'Make or Break' levels and as we alluded in the previous commentary, in the first half of the current week, all suspense will unfold whether we are likely to correct further or not. Coincidentally, the RBI monetary policy is slated this thursday and this might become the catalyst for the next directional move. Before all this, let see what are the levels to watch for the forthcoming session. The Bank Nifty is very close to its recent swing low of **21027** and it would be seen as a crucial support. If the index slides and stays below it we could see a strong decline towards **20700 - 20400** levels. Whereas on the flipside, if any reversal has to happen, this is the level from where it can. Any positive trigger would result in a sharp bounce back in coming days. As far as intraday resistance levels are concerned, keep a close eye on **21250 - 21550**.

Exhibit 2: Nifty Bank Daily Chart



Key Levels

| | |
|-------------------|----------------------|
| Support 1 – 21027 | Resistance 1 – 21250 |
| Support 2 – 20700 | Resistance 2 – 21550 |

Comments

- The Nifty futures open interest has decreased by 0.68%. Bank Nifty futures open interest has increased by 14.52% as market closed at **10891.6** levels.
- The Nifty August future closed with a premium of 21.8 point against a premium of 22.4 point in last trading session. The September series closed at a premium of 26.5 point.
- The INDIA VIX has increased from 24.19 to 25.18. At the same time, the PCR-OI of Nifty decreased from 1.31 to 1.10.
- Few of the liquid counters where we have seen high cost of carry are IDEA, NATIONALUM, ICICIBANK, MUTHOOTFIN, AND FEDERALBNK.

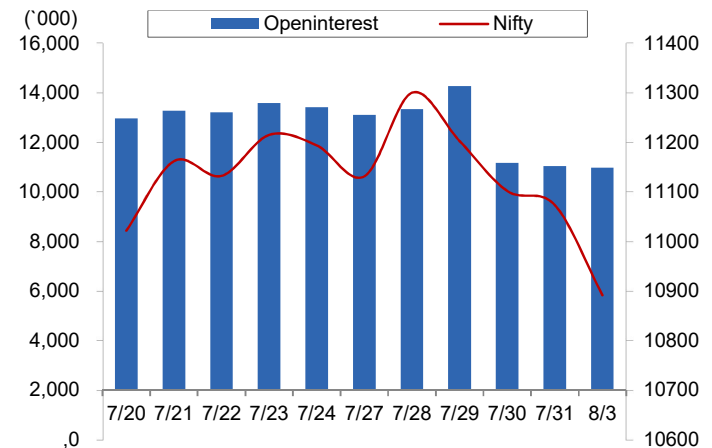
Views

- The week started with a marginal negative opening and the Index continued to slide throughout the session to end with loss of 1.64% at **10891.60**.
- FII's were net buyers in the cash market segment to the tune of Rs. **7818** crores (including BANDHANBNK block deal). In index futures, they sold worth **2615** crores with decrease in open interest indicating long unwinding and short formations in yesterday's session.
- Nifty as well as Bank Nifty corrected right from the opening ticks yesterday and ended deeply in red. While there was no significant change in Nifty positions, Bank Nifty witnessed short formation as a good amount of open interest build up was seen. FII's unwinded their long positions and formed short positions in the index futures segment. In options segment, **11000-11200** call options added decent open interest whereas unwinding was seen in **11000-11100** put options. The above data, especially the short build-up in BankNifty is a negative sign for the short term and hence traders are advised to stay light on positions on the index and focus on stock specific trading opportunities.

Historical Volatility

| SCRIP | HV |
|-------------------|-------|
| BANDHANBNK | 96.23 |
| APOLLOHOSP | 56.79 |
| TATAMOTORS | 73.90 |
| UPL | 63.09 |
| KOTAKBANK | 55.61 |

Nifty Vs OI



OI Gainers

| SCRIP | OI | OI CHG. (%) | PRICE | PRICE CHG. (%) |
|-------------------|-----------|-------------|---------|----------------|
| BANDHANBNK | 24858000 | 147.23 | 308.80 | -10.40 |
| IDEA | 291060000 | 38.05 | 8.70 | 3.53 |
| TATAMOTORS | 98370600 | 22.24 | 113.05 | 8.24 |
| UJJIVAN | 3302200 | 20.37 | 227.05 | -4.31 |
| ESCORTS | 2476100 | 12.44 | 1102.15 | -2.49 |
| MUTHOOTFIN | 3350250 | 9.49 | 1282.40 | 0.77 |
| GODREJPROP | 487500 | 7.60 | 921.75 | -0.81 |
| IBULHSGFIN | 13230800 | 7.43 | 182.60 | -3.99 |

OI Losers

| SCRIP | OI | OI CHG. (%) | PRICE | PRICE CHG. (%) |
|-------------------|----------|-------------|---------|----------------|
| APOLLOHOSP | 1125000 | -9.75 | 1574.35 | -5.20 |
| SRF | 607750 | -4.85 | 3833.20 | 1.07 |
| BIOCON | 14356600 | -4.85 | 411.90 | 0.40 |
| JUBLFOOD | 1917000 | -3.69 | 1738.65 | 0.68 |
| AMBUJACEM | 18651000 | -3.22 | 221.15 | 0.41 |
| MFSL | 1666600 | -2.95 | 542.90 | -2.72 |
| HDFCLIFE | 10659000 | -2.73 | 603.00 | -3.72 |
| NAUKRI | 708250 | -2.71 | 3158.50 | -1.35 |

Put-Call Ratio

| SCRIP | PCR-OI | PCR-VOL |
|------------------|--------|---------|
| NIFTY | 1.10 | 0.86 |
| BANKNIFTY | 0.63 | 0.87 |
| RELIANCE | 0.63 | 0.52 |
| ICICIBANK | 0.51 | 0.50 |
| INFY | 0.88 | 0.76 |

FII Statistics for August 03, 2020

| Detail | Buy | Sell | Net | Open Interest | | |
|---------------|-----------|-----------|-----------|---------------|----------------|------------|
| | | | | Contracts | Value (in Cr.) | Change (%) |
| INDEX FUTURES | 2938.74 | 5553.62 | (2614.88) | 117742 | 8693.65 | (0.92) |
| INDEX OPTIONS | 133616.40 | 133211.21 | 405.19 | 623408 | 47322.42 | 5.87 |
| STOCK FUTURES | 13720.81 | 15287.50 | (1566.69) | 1248461 | 84905.74 | 1.69 |
| STOCK OPTIONS | 4930.33 | 4860.83 | 69.50 | 54862 | 3626.18 | 15.29 |
| Total | 155206.28 | 158913.16 | (3706.88) | 2044473 | 144547.99 | 3.10 |

Turnover on August 03, 2020

| Instrument | No. of Contracts | Turnover (in Cr.) | Change (%) |
|---------------|------------------|-------------------|------------|
| Index Futures | 4,42,966 | 29029.82 | -11.27 |
| Index Options | 1,35,79,020 | 9,27,215.67 | -3.41 |
| Stock Futures | 7,95,721 | 56240.55 | -15.74 |
| Stock Options | 9,02,213 | 68626.75 | -11.67 |
| Total | 1,57,19,920 | 10,81,112.79 | -90.49 |

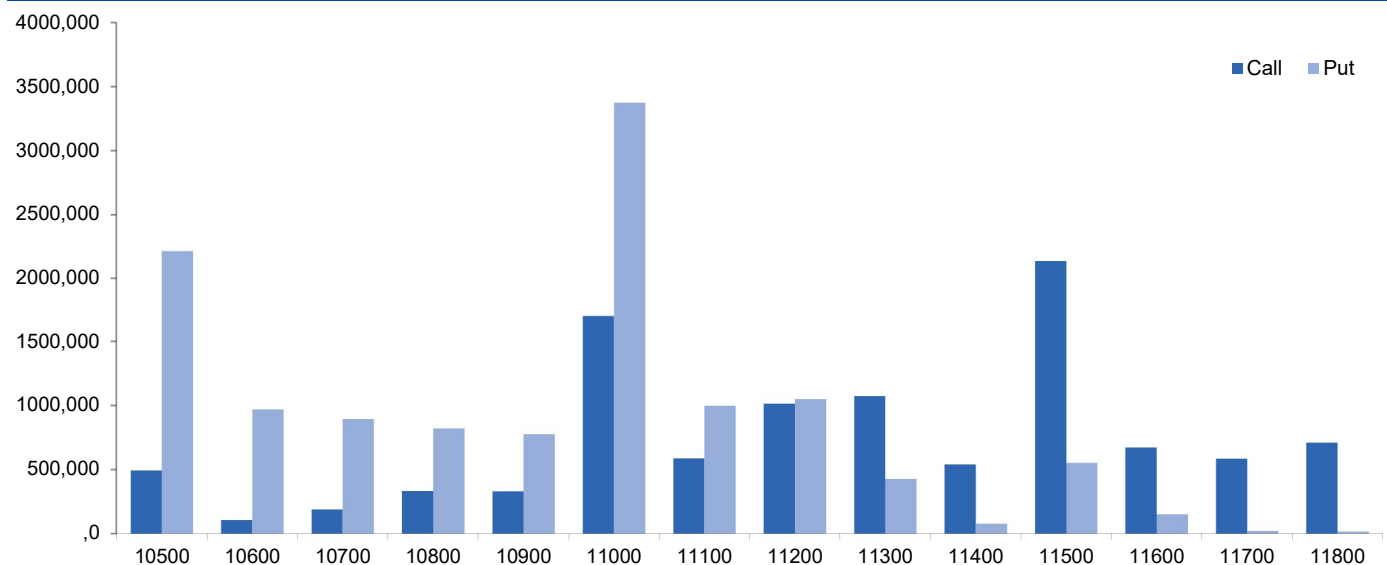
Nifty Spot = 10891.60
Bull-Call Spreads

| Action | Strike | Price | Risk | Reward | BEP |
|--------|--------|--------|-------|--------|----------|
| Buy | 10900 | 259.00 | | | |
| Sell | 11000 | 209.60 | 49.40 | 50.60 | 10949.40 |
| Buy | 10900 | 259.00 | | | |
| Sell | 11100 | 165.55 | 93.45 | 106.55 | 10993.45 |
| Buy | 11000 | 209.60 | | | |
| Sell | 11100 | 165.55 | 44.05 | 55.95 | 11044.05 |

Bear-Put Spreads

| Action | Strike | Price | Risk | Reward | BEP |
|--------|--------|--------|-------|--------|----------|
| Buy | 10900 | 245.45 | | | |
| Sell | 10800 | 202.50 | 42.95 | 57.05 | 10857.05 |
| Buy | 10900 | 245.45 | | | |
| Sell | 10700 | 164.75 | 80.70 | 119.30 | 10819.30 |
| Buy | 10800 | 202.50 | | | |
| Sell | 10700 | 164.75 | 37.75 | 62.25 | 10762.25 |

Note: Above mentioned Bullish or Bearish Spreads in Nifty (August 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 |
|-------------|--------|--------|--------|--------|--------|
| ADANI PORTS | 302 | 307 | 313 | 318 | 324 |
| ASIAN PAINT | 1,675 | 1,690 | 1,713 | 1,728 | 1,750 |
| AXIS BANK | 405 | 411 | 422 | 428 | 438 |
| BAJAJ-AUTO | 2,806 | 2,862 | 2,966 | 3,022 | 3,126 |
| BAJFINANCE | 3,121 | 3,148 | 3,196 | 3,223 | 3,271 |
| BAJAJFINSV | 5,966 | 6,034 | 6,129 | 6,197 | 6,292 |
| BPCL | 398 | 408 | 418 | 428 | 438 |
| BHARTIARTL | 540 | 544 | 550 | 554 | 560 |
| INFRA TEL | 184 | 187 | 191 | 193 | 197 |
| BRITANNIA | 3,716 | 3,746 | 3,798 | 3,828 | 3,880 |
| CIPLA | 682 | 696 | 715 | 729 | 748 |
| COALINDIA | 127 | 128 | 129 | 130 | 131 |
| DRREDDY | 4,396 | 4,462 | 4,566 | 4,632 | 4,736 |
| EICHER MOT | 20,269 | 20,526 | 20,910 | 21,166 | 21,551 |
| GAIL | 91 | 93 | 95 | 96 | 98 |
| GRASIM | 612 | 623 | 633 | 644 | 654 |
| HCLTECH | 691 | 698 | 708 | 716 | 726 |
| HDFC BANK | 973 | 988 | 1,007 | 1,022 | 1,041 |
| HDFC | 586 | 594 | 609 | 618 | 633 |
| HEROMOTOCO | 1,699 | 1,719 | 1,751 | 1,771 | 1,802 |
| HINDALCO | 2,525 | 2,578 | 2,674 | 2,727 | 2,823 |
| HINDUNILVR | 156 | 159 | 163 | 166 | 170 |
| ICICIBANK | 2,171 | 2,188 | 2,205 | 2,222 | 2,240 |
| IOC | 336 | 339 | 344 | 348 | 353 |
| INDUSINDBK | 84 | 85 | 87 | 88 | 90 |
| INFY | 488 | 495 | 509 | 516 | 530 |
| ITC | 939 | 948 | 957 | 966 | 975 |
| JSW STEEL | 191 | 192 | 193 | 194 | 195 |
| KOTAK BANK | 215 | 218 | 222 | 224 | 228 |
| LT | 1,266 | 1,287 | 1,322 | 1,343 | 1,377 |
| M&M | 897 | 906 | 913 | 923 | 929 |
| MARUTI | 578 | 587 | 604 | 614 | 630 |
| NESTLEIND | 5,930 | 6,048 | 6,243 | 6,360 | 6,555 |
| NTPC | 16,242 | 16,383 | 16,492 | 16,633 | 16,742 |
| ONGC | 84 | 85 | 86 | 87 | 88 |
| POWERGRID | 74 | 75 | 77 | 78 | 80 |
| RELIANCE | 172 | 175 | 177 | 181 | 183 |
| SHREECEM | 1,969 | 1,989 | 2,023 | 2,043 | 2,077 |
| SBIN | 21,326 | 21,537 | 21,700 | 21,911 | 22,074 |
| SUNPHARMA | 188 | 190 | 192 | 195 | 197 |
| TCS | 502 | 511 | 525 | 534 | 549 |
| TATAMOTORS | 2,190 | 2,222 | 2,263 | 2,295 | 2,336 |
| TATASTEEL | 99 | 106 | 110 | 117 | 122 |
| TECHM | 356 | 365 | 371 | 380 | 386 |
| TITAN | 659 | 666 | 677 | 684 | 694 |
| ULTRACEMCO | 1,020 | 1,049 | 1,072 | 1,100 | 1,123 |
| UPL | 3,949 | 3,997 | 4,076 | 4,125 | 4,203 |
| VEDANTA | 421 | 437 | 461 | 476 | 500 |
| WIPRO | 277 | 279 | 282 | 284 | 287 |
| ZEEL | 131 | 133 | 136 | 138 | 141 |

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