Sensex (38357) / Nifty (11334)

During the last week, our markets opened with a good bump up, owing to cheerful mood across the globe. Everything looked hunky dory but all of a sudden, the massive sell off triggered in our markets after the news of India-China clash at the border. Eventually it turned out to be one of the terrible days in the recent past. Post this, markets consolidated and gave a minor recovery for next three trading sessions. However, on Friday, the selling once again resumed to close almost at the lowest point of the week.

On the first day, the geopolitical concerns became the caveat in dragging markets lower and then a sharp profit booking in US markets weighed down heavily. All in all, our markets needed some reason to correct and it was provided by all these developments. The velocity of the fall after a relentless run is generally scary and hence, we were advocating some caution since last a couple of weeks. Because it is very difficult to react to such sharp u-turns and we may remain caught on the wrong side. Hence, sometimes it's better to be a bit proactive. Now looking at the technical set up, we can see a formation of 'Bearish Engulfing' pattern on weekly chart. It is generally considered a reversal pattern and a breach of **11300** would result into a confirmation of the same. In this case, we may see immediate decline towards **11150-11000-10870** in near term. However, it is important to take a note that since the larger degree trend is strongly up, we would consider any decline as a corrective move within the up trend and hence, it will nowhere be closer or similar to March's mayhem. In fact, it would certainly provide better opportunities to accumulate quality propositions for a longer run.

Exhibit 1: Nifty Daily Chart

In case, if market witnesses some bounce back, **11500-11650** remains to be a stiff hurdle. Also, it would now be very difficult for Nifty to surpass **11800** soon. It is most likely that we would either see some price or time wise correction before Nifty heading towards pre-COVID levels. Let see how things pan out and since a lot of news flow on domestic as well as global front is likely to drive short term moves, we advise traders to keep a regular tab on these developments. Also, in our sense, we are likely to get decent stock specific opportunities on both sides and hence, it's better to follow them by maintaining strict stop losses.

.Key Levels			
Support 1 –	11200	Resistance 1 –	11450
Support 2 –	11150	Resistance 2 –	11500

Nifty Bank Outlook - (23011)

On Friday, the bank nifty witnessed a gap down opening following the weakness in the global cues. Subsequently, it made an attempt to bounce back however the bounce got sold into and the bank index witnessed one more round of sell-off during the last hour to eventually end with a loss of 2.21% tad above **23000** levels. The bank index broke below the **23400** support level which was acting as strong support for the last four sessions and it has been broken with a gap that can be termed as a breakaway gap. On the weekly chart, we are now witnessing a bearish reversal pattern known as 'Dark Cloud Cover' and hence we sense the banking index is likely to remain under pressure in the near term with an increase in volatility. Traders are henced advised to keep positions light and avoid undue risk. As far as levels are concerned, the next support is placed around **22650** and **22410** levels whereas in case of any bounce immediate resistance is placed around **23400** - **23530** levels.

Key Levels			
Support 1 –	22650	Resistance 1 –	23400
Support 2 –	22410	Resistance 2 –	23530

Exhibit 2: Nifty Bank Daily Chart

Comments

- The Nifty futures open interest has increased by 1.77% Bank Nifty futures open interest has decreased by 2.82% as market closed at **11333.85** levels.
- The Nifty September future closed with a premium of 17.9 point against a premium of 15.35 point in last trading session. The October series closed at a premium of 36.15 point.
- The INDIA VIX has increased from 20.50 to 22.15. At the same time, the PCR-OI of Nifty decreased from 1.33 to 1.22.
- Few of the liquid counters where we have seen high cost of carry are ESCORTS, GMRINFRA, BHARTIARTL, JSWSTEEL AND BAJAJ AUTO.

Views

- Nifty started the week with a gap up opening, but witnessed a sharp sell off in Monday's session. After some consolidation during the week, the index again corrected on Friday and ended the week with a loss of over 300 points over previous week's close.

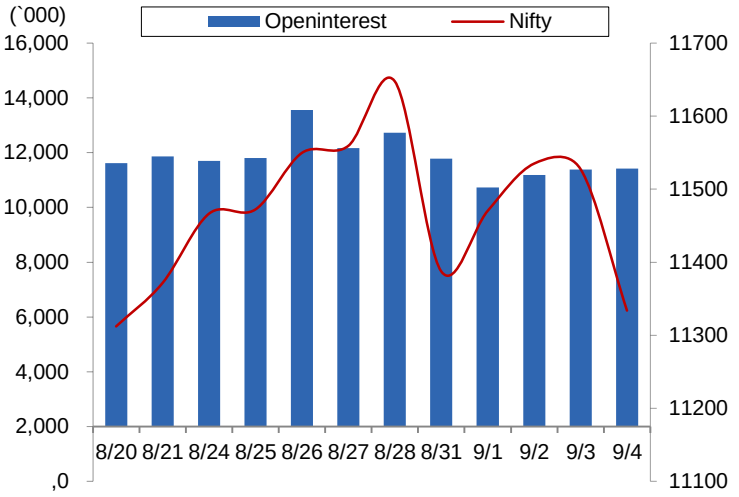
- FIIs were net sellers in the cash market segment to the tune of Rs. **1889** crores. In index futures, they sold worth **696** crores with no relevant change in open interest indicating a combination of both long unwinding and short formation on Friday.

- FII's started the September series with good amount of long positions in the index futures; however, as the market corrected they unwound some of their longs and even added some short positions. Due to this, their 'Long Short Ratio' has declined from 77 percent to 53.6 percent. The weekly options data indicate a stiff resistance **11500-11600** for the coming week. No major put writing is seen yet and positions indicate support around the **11000** mark. INDIA VIX increased by 20% during the week and ended above 22 mark. The above derivatives data and the positioning by the stronger hands indicate uncertainty in the near term. Hence, traders are advised to stay light on positions and look for stock specific opportunities where opportunities could be there on both the sides of the trade.

Historical Volatility

SCRIP	HV
NTPC	40.14
PAGEIND	48.28
TATACHEM	43.72
TATASTEEL	55.92
DRREDDY	36.90

Nifty Vs OI



OI Gainers

SCRIP	OI	OI CHG. (%)	PRICE	PRICE CHG. (%)
RAMCOCEM	1175550	12.17	716.00	-1.33
INFRATEL	15646400	10.17	214.85	-1.39
AMBUJACEM	13896000	9.14	208.50	-2.85
TORNTPOWER	2349000	8.30	333.15	-1.57
PVR	1584858	7.24	1386.85	0.09
POWERGRID	11584000	6.86	175.05	-1.90
BHEL	72618000	5.62	38.70	-3.85
SHREECEM	161750	4.76	20020.55	-1.84

OI Losers

SCRIP	OI	OI CHG. (%)	PRICE	PRICE CHG. (%)
IDEA	429380000	-14.47	12.04	-4.74
CANBK	12190000	-13.85	103.25	-3.14
TORNTPHARM	1211500	-12.78	2769.25	-1.10
UBL	984900	-11.23	1120.10	-2.16
BANDHANBNK	18885600	-10.81	314.45	0.13
ZEEL	29994000	-9.08	220.40	-0.14
MINDTREE	1660800	-8.95	1194.10	-1.57
ESCORTS	2701600	-8.73	1182.45	-2.92

Put-Call Ratio

SCRIP	PCR-OI	PCR-VOL
NIFTY	1.22	0.83
BANKNIFTY	0.76	0.89
RELIANCE	0.54	0.46
ICICIBANK	0.47	0.52
INFY	0.48	0.37

FII Statistics for September 04, 2020

Detail	Buy	Sell	Net	Open Interest		
				Contracts	Value (in Cr.)	Change (%)
INDEX FUTURES	4678.07	5374.18	(696.11)	125885	10006.38	(0.14)
INDEX OPTIONS	182023.86	181958.83	65.03	692043	54490.95	10.36
STOCK FUTURES	14535.82	15139.08	(603.26)	1194320	84377.92	(2.06)
STOCK OPTIONS	5263.45	5285.81	(22.36)	83522	5888.41	5.55
Total	206501.20	207757.90	(1256.70)	2095770	154763.66	2.15

Turnover on September 04, 2020

Instrument	No. of Contracts	Turnover (in Cr.)	Change (%)
Index Futures	5,35,074	36458.35	49.70
Index Options	1,62,26,428	11,48,666.04	-66.55
Stock Futures	8,00,736	58698.85	9.67
Stock Options	10,75,764	83486.36	11.65
Total	1,86,38,002	13,27,309.60	-62.99

Nifty Spot = 11333.85

Bull-Call Spreads

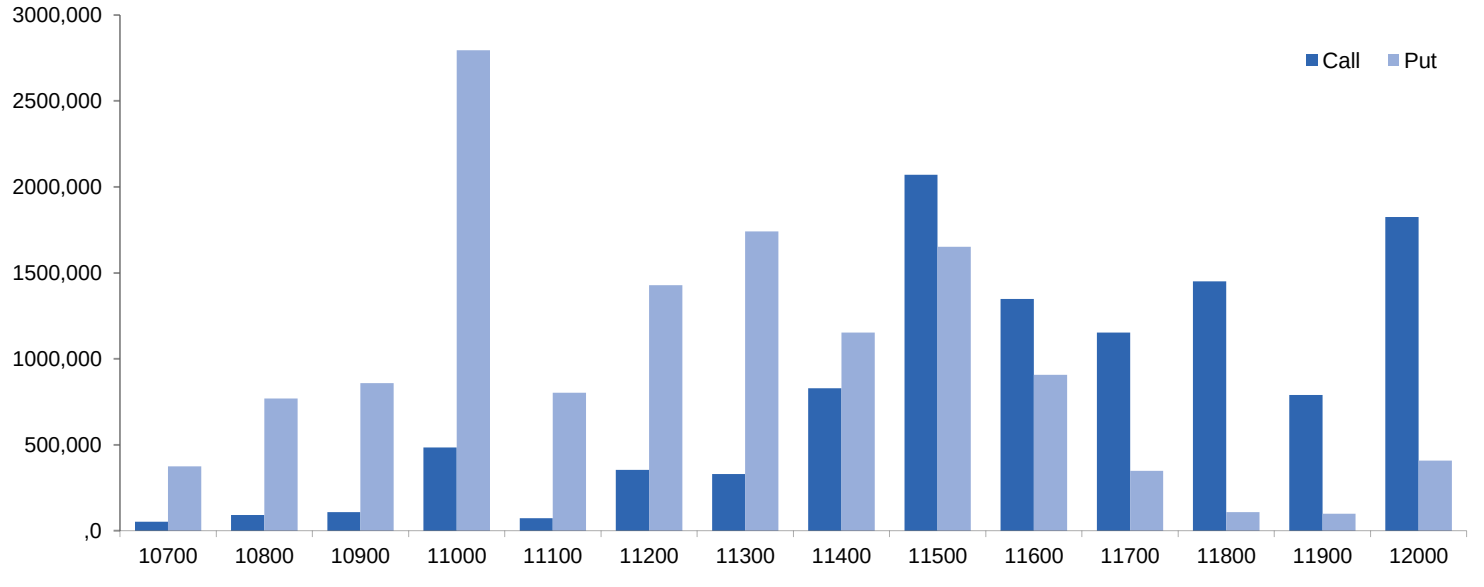
Action	Strike	Price	Risk	Reward	BEP
Buy	11300	246.95	56.50	43.50	11356.50
Sell	11400	190.45			
Buy	11300	246.95	105.50	94.50	11405.50
Sell	11500	141.45			
Buy	11400	190.45	49.00	51.00	11449.00
Sell	11500	141.45			

Bear-Put Spreads

Action	Strike	Price	Risk	Reward	BEP
Buy	11300	197.30	37.75	62.25	11262.25
Sell	11200	159.55			
Buy	11300	197.30	67.50	132.50	11232.50
Sell	11100	129.80			
Buy	11200	159.55	29.75	70.25	11170.25
Sell	11100	129.80			

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	344	348	356	361	368
ASIANPAINT	1,924	1,940	1,967	1,983	2,010
AXISBANK	440	448	460	468	481
BAJAJ-AUTO	2,797	2,840	2,883	2,926	2,969
BAJFINANCE	3,460	3,528	3,589	3,657	3,718
BAJAJFINSV	6,078	6,178	6,300	6,400	6,522
BPCL	395	399	405	409	415
BHARTIARTL	508	516	527	534	545
INFRATEL	194	205	218	228	241
BRITANNIA	3,627	3,667	3,738	3,777	3,848
CIPLA	698	711	731	744	763
COALINDIA	128	130	133	135	139
DRREDDY	4,174	4,248	4,366	4,440	4,557
EICHERMOT	2,130	2,155	2,191	2,216	2,252
GAIL	95	96	98	99	101
GRASIM	684	695	710	721	735
HCLTECH	687	694	699	706	712
HDFCBANK	1,095	1,107	1,116	1,128	1,137
HDFC	563	569	575	581	587
HEROMOTOCO	1,746	1,758	1,774	1,785	1,801
HINDALCO	2,811	2,863	2,920	2,972	3,029
HINDUNILVR	180	184	189	193	198
ICICIBANK	2,100	2,112	2,127	2,139	2,153
IOC	362	367	374	379	385
INDUSINDBK	82	83	84	85	86
INFY	582	599	621	638	659
ITC	906	913	921	928	936
JSW STEEL	183	185	187	189	192
KOTAKBANK	274	278	285	289	295
LT	1,336	1,358	1,376	1,399	1,417
M&M	930	936	946	952	962
MARUTI	613	622	636	646	660
NESTLEIND	6,801	6,995	7,160	7,354	7,519
NTPC	15,995	16,114	16,269	16,388	16,543
ONGC	92	93	95	97	99
POWERGRID	76	77	78	79	80
RELIANCE	171	173	176	177	180
SHREECEM	2,057	2,067	2,082	2,092	2,107
SBIN	19,608	19,817	20,158	20,367	20,708
SUNPHARMA	202	204	208	211	215
TCS	495	504	517	526	539
TATAMOTORS	2,231	2,260	2,292	2,321	2,353
TATASTEEL	143	145	149	152	156
TECHM	410	416	425	431	440
TITAN	735	742	750	757	765
ULTRACEMCO	1,128	1,143	1,171	1,187	1,214
UPL	3,857	3,887	3,909	3,939	3,961
VEDANTA	497	503	510	516	524
WIPRO	272	274	277	279	281
ZEEL	205	213	218	226	231

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