



DASARI SREENVASA RAO

F&O DATA SIGNALS DROP IN RESISTANCE LEVELS

The week ahead (September 14-18) may witness a broader range of trading as the highest Open Interest concentration is at (OI) 11,500 CE and 10,500 PE. Further, the resistance level declined to 11,500 strike from 12,500 strike. Long build-up witnessed in stocks like Wipro, IndiGo, CanBank, TVS Motor, Kotak Bank, ICICI Bank, HDFC Life, Hindustan Lever, Bio-Con, FPC, etc. short build-up was recorded in SRE, AdaniEnt, Bata India, HDFC Bank, Coal India, Gail, Zee, Powergrid, ITC, etc.

On the options front, as per ICICI Direct.com, aggressive writing was seen in 11,500/11,600 Call strike and may keep the index under pressure at higher levels. On the other side, the Nifty saw Put writing at 11,300 strike. This may act as support on downside. This options structure is suggesting a broader range of 200 points for the coming week. A fresh up move due to short covering is likely to be seen above 11,500. Until then, it may consolidate above 11,300 points.

DERIVATIVES OUTLOOK

The 11,500 strike, which recorded highest Call OI addition of 8.49 lakh contracts, has highest Call OI of 23.30 lakh contracts followed by 12,900 strike with 19.20 lakh contracts, 11,800 strike, which recorded Call OI build-up of 7.71 lakh contracts, with 7.48 lakh contracts and 11,700 strike with 16.39 lakh contracts. Further, 11,550/11,600/11,700/ strikes witnessed significant Call OI addition.

The 10,500 strike has highest Put OI of 23.44 lakh contracts followed by 11,300 strike with 19.55 lakh contracts, 11,400 strike, which has highest Put OI build-up of 7.69 lakh contracts, with 18.58 lakh contracts, 11,200 strike with 17.37 lakh contracts and 11,000 strike with



Put-Call Ratio of OI at 1.34 indicating Put writing in OTM; IV of Calls & Puts hovering at 15.52% & 19.73% respectively

16.35 lakh contracts. 11,300/11,200/11,000 strikes witnessed reasonable Put OI addition.

Dhirender Singh Bisht, senior research analyst (derivatives) at SMC Global Securities Ltd, said: "Some mixed moves were seen in Indian markets in the week gone by as tug of war among bulls and bears kept the market volatile. Although, Nifty had managed to end the week in green zone, Bank Nifty suffered losses of more than two per cent on week-on-week basis." For the week ended September

11, 2020, Sensex marginally gained 497.37 points or 1.29 per cent, a worst week since May, and closed at 38,854.55 points from the previous close of 38,357.18 points. Similarly, NSE Nifty moved up by 130.6 points or 1.15 per cent, to end the week at 11,464.45 points as against last week's 11,333.85 level.

"From derivatives front, Call writers at 11,500 strike are still holding with maximum Open Interest in Calls, which will act as major hurdle for Nifty in coming

week. The max. option gain is at 11,400 for current week and monthly expiry for Nifty. The level plays an important role in upcoming session. However, any decisive move above 11,500 will bring bears on back foot once again and thereon Nifty could surge towards 11,650 levels. In coming week, we expect markets to remain choppy once again. However, stock-specific action would remain on radar," added Bisht.

Implied Volatility (IV) of 11,500 CE 13.84 and 10,500 PE is hovering at 34.13. "The Implied Volatility of Calls closed at 15.52 per cent, while that for Put options closed at 19.73. The Nifty VIX for the week closed at 20.71 per cent. PCR of OI for the week closed at 1.34 slightly up from the previous week indicating Put writing in OTM," remarked Bisht.

FPIs turned net sellers in India as global markets turned weak. FPIs sold almost Rs2,917 crore in

Indian equities. However, DIIIs continued to exit at higher levels and sold another Rs1,234 crore in equities last week. For September, net FII investment in equities turned negative. They have sold around Rs4,430 crore, while they bought Rs1,612 in the debt markets.

The F&O space was sluggish on the FPI front. While they bought worth Rs51 crore in index futures, they also bought to the tune of Rs423 crore in the stock futures segment during the week. However, FPIs bought Rs6,877 crore in index options.

Bank Nifty

Shedding 531.52 points or 2.30 per cent, Bank Nifty closed at 22,479.95 points as against the previous week's closing of 23,011.50 points. Bisht forecast: "Technically Bank Nifty is struggling to take support at 22,000 level which would act as major support for

the index. The max. option gain is at 22,500 for current week and for the monthly expiry is at 22,900."

Implied Volatility continued to contract after the sharp uptick last week. Despite the index falling from those levels, IVs contracted and moved below 21 per cent along with additions Out of The Money (OTM) strike options, indicating possible consolidation in the coming days. The rupee remained volatile for the week with the USD/INR pair having the highest Call base at 74 levels, which is the hurdle zone. Analysts forecast that the rupee would continue to appreciate, which will be positive for BFSI.

The current price ratio of Bank Nifty-Nifty eased from its recent high. However, last month, the support for the spread was seen near 1.96 levels, which is very much near. The ratio would consolidate near this range.