



1st Feb 2024

Nifty Outlook:

The index has been trading in a range post the gap down that was witnessed on 18th Jan. The sell-off was largely led by bearish FII activity in all the segments. As far as FII activity is concerned, FIIs have gone aggressively short in index futures at 87,351 – highest since 30th November 2023. On 31st January; 18,276 long contracts were added compared to the addition of 5,671 short contracts in index futures. The long/short ratio has significantly come down from 48% to 30%; indicating unwinding of long positions. Additionally, on the index options front, the data has become negative as the FIIs have added significant call shorts at higher levels; which is a bearish indicator. To conclude, the data is still negative from FII's point of view now. Option data is indicating further weakness can be expected if the support zone of 21,500 is breached on closing basis. Advisable to avoid heavy longs at this juncture.

Weekly Expiry Point of View:

Option chain data for today's weekly expiry is indicating a trading range of 21,500-22,000 zones. On the call side, 22,000 is the strike with highest OI. Majority of call writing was witnessed at this level; indicating resistance. On the put side, 21,500 is the strike with highest OI. As per the data, net call-put writing is indicating a bearish stance from the FIIs. They are still holding significant call shorts at higher levels; indicating resistance for the index. Further weakness can be seen if the index breaches the support zone of 21,500 on closing basis.

Interim Budget Play Strategy:

The sentiment on Nifty is slightly bearish. However; the index is likely to trade in a wide range of 20,950 – 22,400 zone. For aggressive participants, one can play this range by deploying a short straddle which involves selling 1 ATM CE & PE.

Nifty Short Straddle MONTHLY expiry:

SELL 1 LOT PUT NIFTY 29FEB2024 21,700 @ 334 | SELL 1 LOT CALL NIFTY 29FEB2024 21,700 @ 420

Note: Since the budget day is dynamic in nature, we would be deploying the SL depending on the market scenario.

Nifty Weekly Series	Strike	OI (Lakh)
Max Call OI	22,500	2.02
	22,000	1.46
Addition in OI Calls	22,500	0.58
	21,900	0.49
Max Put OI	21,500	1.54
	21,000	1.44
Addition in OI Put	21,500	0.78
	21,000	0.49

Nifty Monthly Series	Strike	OI (Lakh)
Max Call OI	23,000	0.72
	22,000	0.41
Addition in OI Calls	23,000	0.05
	23,100	0.02
Max Put OI	21,000	0.63
	20,500	0.49
Addition in OI Put	20,000	0.05
	20,500	0.03



Net Change in Index Futures (Contracts)		
Date	FII	Pro
31-01-2024	-87,351	30,930
30-01-2024	-99,956	25,149
29-01-2024	-99,120	35,480
25-01-2024	-108,883	45,757
24-01-2024	-8,556	-3,831

Sentiment Indicator				
Particulars	31-Jan	30-Jan	29-Jan	25-Jan
Nifty Premium/ (Discount)	82.90	108.40	117.65	157.40
PCR	0.90	0.82	1.20	0.79
A/D Ratio	11.5	0.35	4.00	0.47
VIX	16.04	16.10	15.68	13.86

Net Index Options Long (Call - Put = Contracts)		
Date	FII	Pro
31-01-2024	-95,766	54,662
30-01-2024	-120,915	203,370
29-01-2024	-218,966	-120,24
25-01-2024	-124,289	-7,857
24-01-2024	-76,629	349,899

Net Index Options short (Call - Put = Contracts)		
Date	FII	Pro
31-01-2024	87,262	257,716
30-01-2024	112,015	642,394
29-01-2024	-108,996	135,585
25-01-2024	20,031	281,951
24-01-2024	-370	685,087



Institutional activity in cash segment Net Value (In crores)		
Date	FII	DII
31-01-2024	1,660.72	2,542.93
30-01-2024	-1,970.52	1,002.70
29-01-2024	110.01	3,221.34
25-01-2024	-2,144.06	3,474.89

Index Long Short Ratio	
FII	Pro
30%	65%

Top 3 Long Buildups					
Particulars	LTP	% Price Change	Open interest (Lakh)	% OI Change	
DRREDDY	6,147.95	4.46%	21.79	18.94%	
MFSL	894.4	1.28%	73.19	12.48%	
COROMANDEL	1,058.05	0.43%	13.49	10.23%	

Top 3 Short Buildups					
Particulars	LTP	% Price Change	Open interest (Lakh)	% OI Change	
PIDLITIND	2,546.6	-1.51%	38.18	13.1%	
LT	3,495.55	-4.45%	114.89	9.94%	
CHOLAFIN	1,190.8	-2.59%	108.98	9.39%	



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