

DERIVATIVE MID-MONTH REPORT

Derivative view, analysis and recommendations on the market



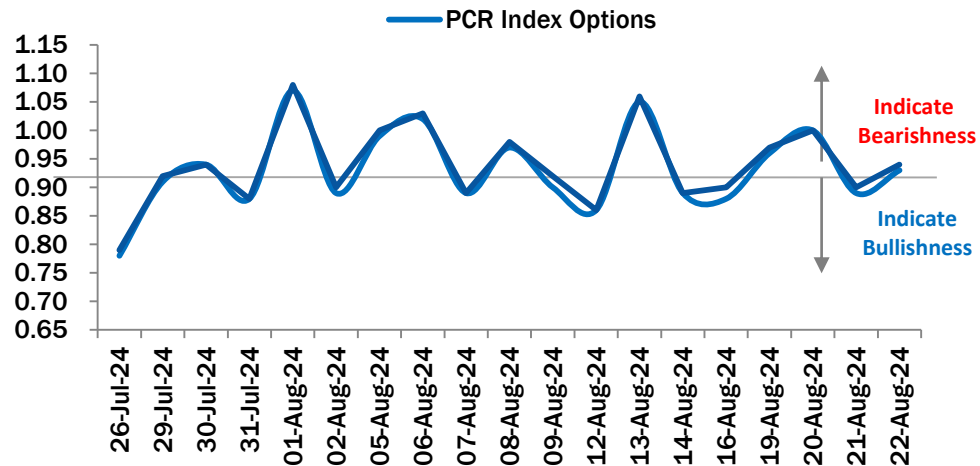
- Nifty Options Open Interest Distribution
- PCR
- Nifty Put Ratio Spread Strategy
- BankNifty Put Spread Strategy

- Nifty closed on Positive note with a increase of 1.64% to expired at 24406 for July Series. At Middle of Aug series Nifty found a Support off from 24200 levels & currently it is trading 24800 level. Highest CE concentration for Aug expiry is at 25,000 followed by 25,200 & 23,900 which might act as strong resistance, while on the PE side highest OI is at 24,500 PE followed by 24,200 & 24,000 which is likely to act as immediate supports during this expiry.

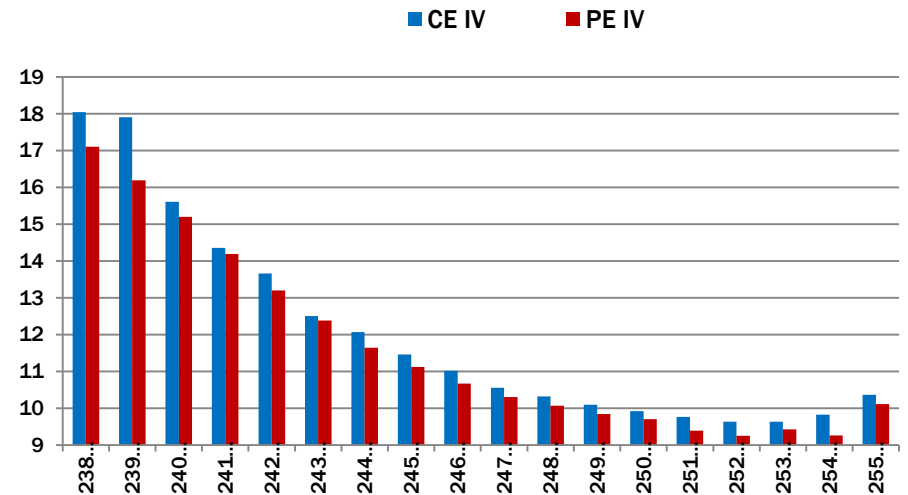
- Volatility Index (IndiaVIX), a measure of Market expectation for near-term volatility has witnessed a movement between 15 to 30 mostly due to influence of international news Election and up to certain degree of domestic economic data numbers, Ongoing Monsoon, Falling Crude Oil, Rupee move remains lack luster, Interest Rate Hike, Rainfall, FOMC & Inflation However in coming future amid end of Aug Expiry. Expecting India VIX to remain Subdue mostly in the range of 11 to 18 for the Aug Exp.



- PCR (Put to Call ratio) is quoting around 0.94. The Aug. series has witnessed a wide range of PCR from 1.07 to 0.78. The PCR is moving to Bearish territory which indicates Expansion of firm and cautious movement at higher levels. While writing in OTM Index Put options indicates Mild support at lower levels and writing in OTM Call indicates immediate resistance at higher level.



- Volatility Skew shows options implied volatility (IV) which is affected by market sentiment and the supply/demand relationship. The below skewed volatility chart is tilted towards the end of Left side suggest high volatile and a Contraction movement in Nifty. The Higher premiums of ATM Call IV and Lower ATM Call IV suggest market is still moving in unilateral direction & likely to change the trend in the near term.



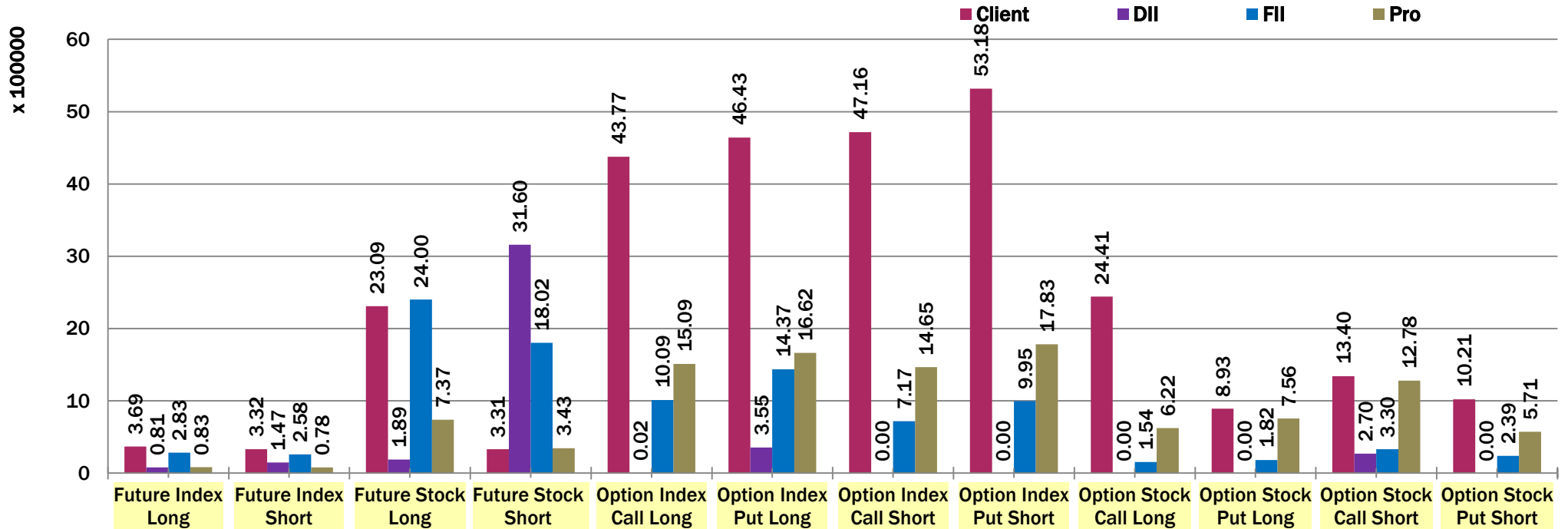
Market participants open interest for Aug. Series (Figures in no. of contracts)

AS ON 26 TH July 2024	Index Futures	Option Index Call	Option Index Put
Client	-52863	-508060	-389988
DII	-79450	2078	307299
FII	132177	327444	205603
Pro	136	178538	-122914

AS ON 22 ND Aug. 2024	Index Futures	Option Index Call	Option Index Put
Client	37107	-338939	-675564
DII	-66711	2078	355099
FII	24869	292282	441201
Pro	4735	44579	-120736

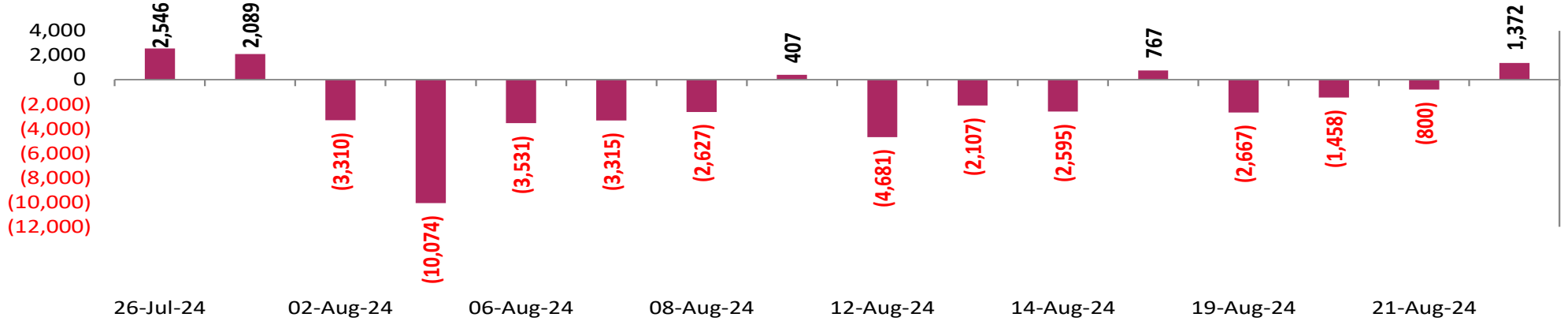
- Market participant data indicates that **FII** have decreased their Long position in Index Futures. They have decreased exposure in Index call and increased exposure in Put options significantly.
- From the period 26th July 2024 to 22ND Aug 2024 **DII** have increased Long position in Index futures with No Change in Call & **increment in** Put Options.
- Overall **FII's** have **reduced 1,07,308 Long** contracts in Index futures, while **unwinding** of **35,162** contract in **Call** Option and **Increased 2,35,598** contracts in **Put** Option as on 22nd Aug 2024.

Market participants open interest for Aug. Series (Figures in no. of contracts)



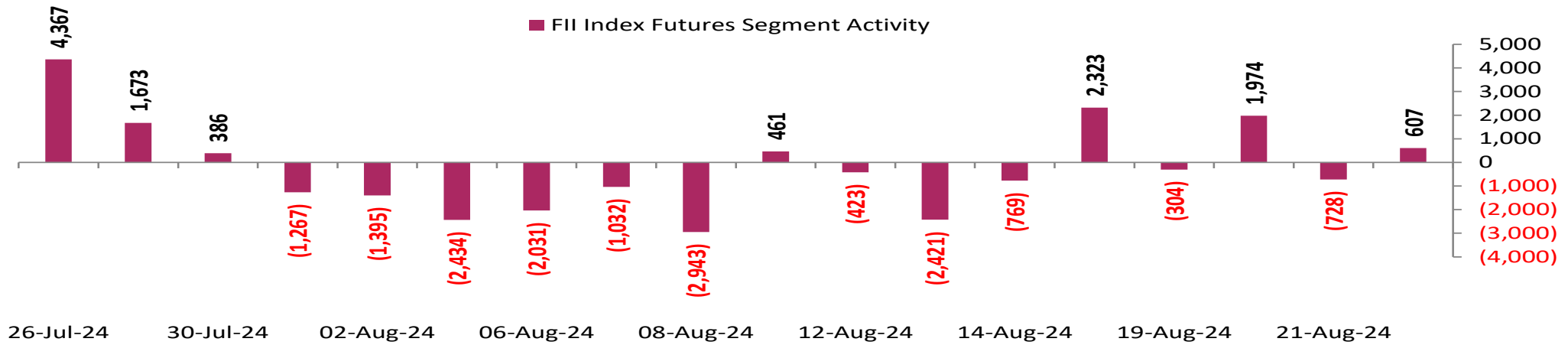
As on 22ND Aug 2024, FII have Increase 5,41,805 contracts of Future Index Long while they have Added 17,26,004 contracts of Option Index Long Call and have also Increased 24,32,015 contracts of Option Index Put Long.

FII Cash Segment Activity (Figures in Rs. Crores)



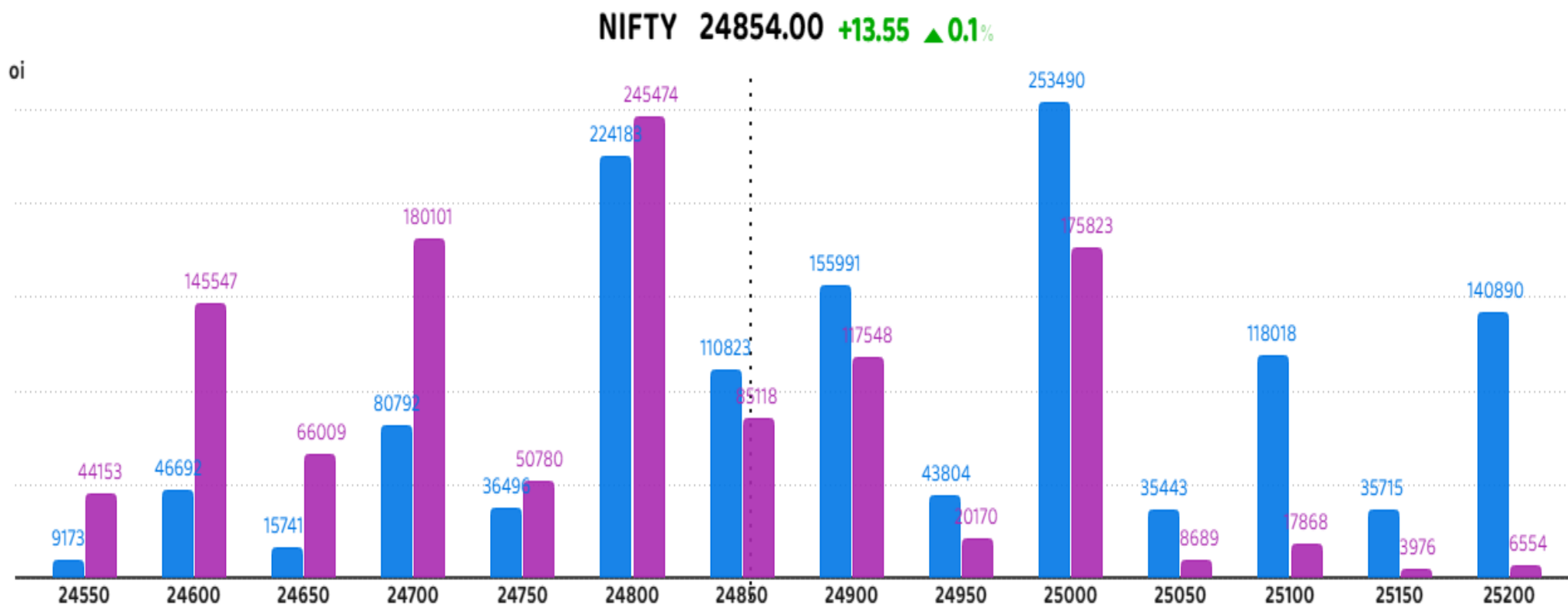
In Aug Expiry, FII were Sellers in cash market to the extent of Rs. 29984 Cr as on 22ND Aug 2024.

FII Index Futures Segment Activity (Figures in Rs. Crores)



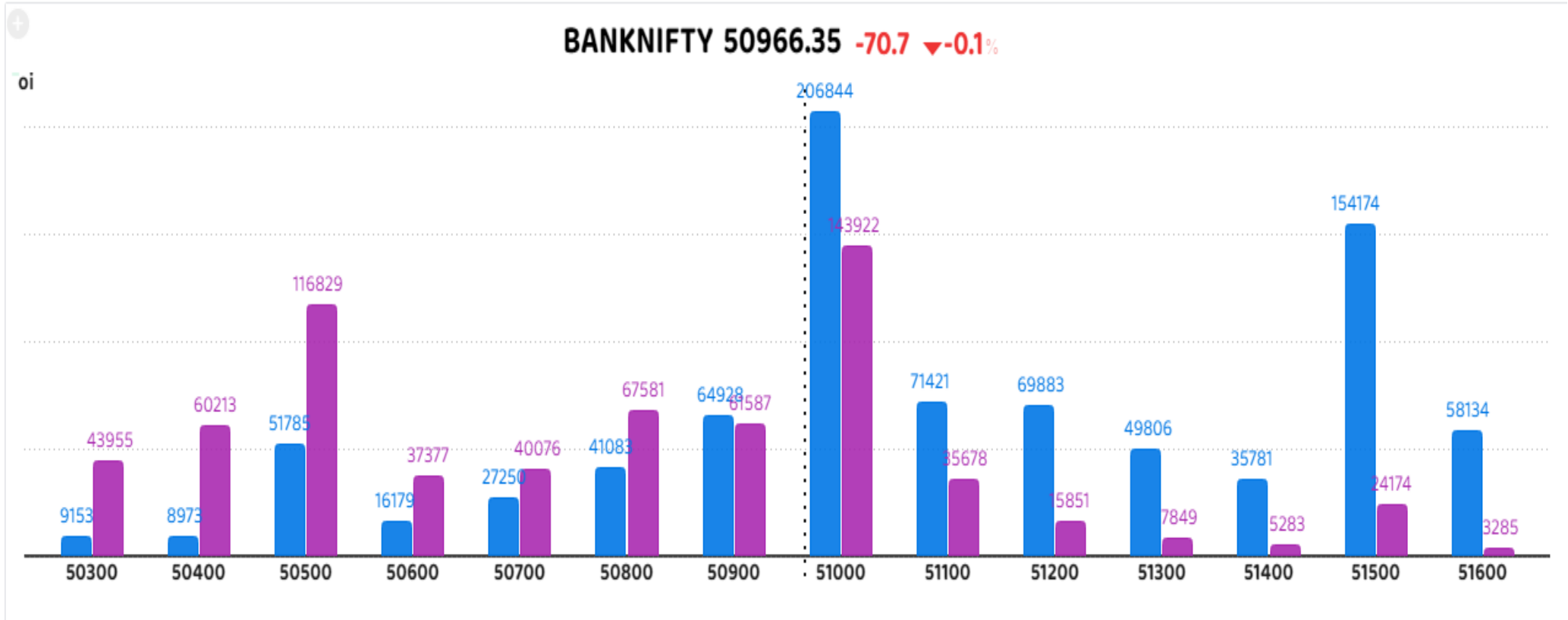
In Aug Expiry, FII have Sold to the extent of Rs. 3,958 Cr. in Index futures segment as on 22ND Aug 24.

NIFTY Options Open Interest Distribution – Aug Expiry



- Nifty options OI distribution shows that 25000 & 24800 Call strike has highest OI concentration and may act as Strong resistance for current expiry. Nifty Put strike 24800 & 24700 witnessed highest OI concentration and may act as strong support for current expiry. Nifty is most likely to trade in range of 24200– 25200 in the **Aug** Expiry, with 24,500 acting as a pivotal level.

BANK NIFTY Options Open Interest Distribution – Aug Expiry



- BankNifty options OI distribution shows that 51000 & 51500 Call strike has highest OI concentration and may act as Strong resistance for current expiry. Bank Nifty Put strike 51000 & 50500 witnessed highest OI concentration and may act as strong support for current expiry. Bank Nifty is most likely to trade in range of 50000 - 52500 in the **Aug** Expiry, with 51000 acting as a pivotal level.

Nifty Chart



Bank Nifty Chart



- Major indices, Nifty and Bank Nifty have been trading with range volatile momentum with Long Build Up in Upward trajectory stocks from Lower levels. However derivative data suggest significant Support at lower levels and overall expect Volatile movement till expiry for June. Series.

■ Nifty

- Short Term Trend – resistance at higher level
- Support - 24850, 25100
- Resistance – 24650, 24300

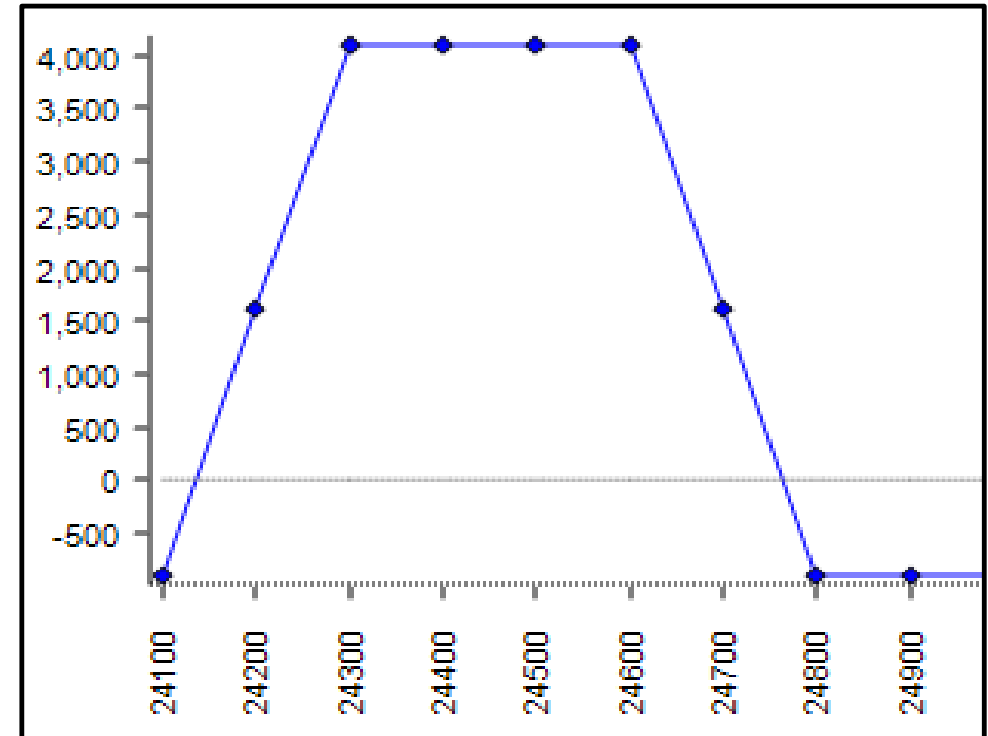
■ Bank Nifty

- Short Term Trend – resistance at higher level
- Support - 50500, 50000
- Resistance – 51500, 52000

Nifty Option Strategy for Aug. Series

Nifty Put Ratio Spread Strategy.(Expiry 29th Aug)

- Buy Nifty 24800 PE @ 101 (1 lot)
- Sell Nifty 24600 PE @ 49 (1 lot)
- Sell Nifty 24300 PE @ 16 (1 lot)
- **Maximum Profit Potential** : Max Profit is Rs. 4,100/- & Downside Risk is capped till 24200 at Rs. -900/- Square off Strategy Below 24200 as unlimited loss will occur due to additional leg sold to reduce the premium.
- **Range of Profit** – Range of Profit will Start below 24800 & profit will remain Constant after 24700 till 24300 levels which will be restricted to Rs. 4,100/- on Upside Max risk is Capped to Rs.-900/-, Downside loss will start below 24100 level & hence whole strategy should be squared off to avoid unlimited loss.



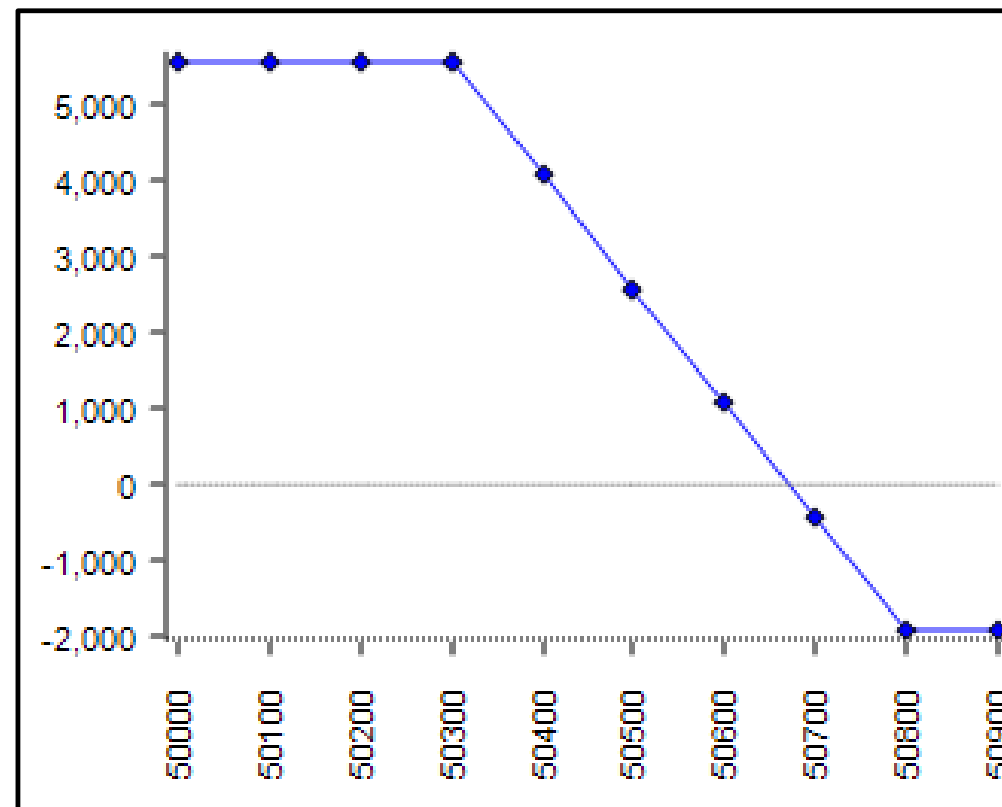
- **Reward : Risk** : Max Profit is Rs. 4,100/- & Upside Risk is capped to Rs. -900/- Downside Risk is capped till 24100 at Rs.-900/-, Square off Strategy Below 24100 as unlimited loss will occur due to additional leg sold to reduce the premium.

BANKNIFTY Option Strategy for Aug. Series

BankNifty Put Spread Strategy.(Expiry 28th Aug)

- Buy BankNifty 50800 PE @ 230.00 (1 lot)
- Sell BankNifty 50300 PE @ 101.00 (1 lot)
- Maximum Profit Potential : Max Profit is Rs. 5,565/- & downside Risk is capped to Rs. -1,935/-
- Range of Profit – Range of Profit will Start Below 50700 & profit will remain Constant after 50400 levels which will be restricted to Rs. 5,565/- on downside, While risk is Capped to Rs.-1,935/- on Upside.

50100	50200	50300	50400	50500	50600	50700	50800
7050	5550	4050	2550	1050	-450	-1950	-3450
-1485	15	1515	1515	1515	1515	1515	1515
5565	5565	5565	4065	2565	1065	-435	-1935



- Reward : Risk : This strategy will gain Max Profit Below 50300 level limited to Rs. 5,565/- and maximum loss is limited to Rs. -1,935/- on upside.

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