

Sensex (46286) / Nifty (13635)

During the last week, we had a positive start to the last week of the January month. However, it turned out to be a formality as markets skidded in the initial hours not only to pare down gains but also to enter a negative territory. Unlike recent trend, the corrective move got extended beyond two trading sessions. In fact, as the week progressed, things worsened to breach all intermediate key supports one after another. Eventually, the Nifty ended the week tad above the **13600** mark with a massive cut over five percent on a weekly basis.

It was certainly a biggest weekly drop after September 2020 despite being a truncated week. Before anyone could realize, Nifty wiped off more than 1100 points in merely six trading sessions. Although it was intimidating, we were not surprised of this sudden fall; because market had hinted towards it and we continuously highlighted those caveats. Markets were deeply overbought since many weeks, but the real indication came when we witnessed a '3-points Negative divergence' in the RSI-Smoothed oscillator on daily chart in all key indices (NIFTY, BANKNIFTY and NIFTY MIDCAP 50) after clocking their fresh record highs. Adding to this, BANKNIFTY confirmed a 'Double Top' pattern on previous Friday after breaking its crucial swing low. Now, we are considerably off record highs and the way charts are shaped up, it does not bode well for the short term bulls.

Key Levels

Support 1 – 13200	Resistance 1 – 13800
Support 2 – 13000	Resistance2 – 14000

Nifty Bank Outlook - (30565)

Following the positive momentum of the last hour of expiry day, the bank nifty started with a gap up opening. Subsequently, the bank index traded in a range for the major part however in the last hour similar to the expiry session we witnessed a strong upmove to mark days high. Eventually, it seemed that the bank index is going to end with strong gains but a sudden sell-off in the broader markets erased some gains to finally end with gains of 0.68% at **30565**. During the previous week, we mentioned a double top bearish breakdown which resulted in a sharp selloff of more than 3000 points from an all-time high to the intra-week low of **29687**. With high oversold conditions on hourly charts, the bank index has managed to bounce back from the lower levels, and the way broader markets have tumbled it's quite surprising the way the bank index has performed in the last two days. However, we sense that we are still not completely out of the woods and expect selling to re-emerge at higher levels. Today as the budget will be announced we are likely to see a spike in volatility hence traders are advised to avoid aggressive bets. As far as levels are concerned, **30000 - 29600** is the immediate support whereas **31200 - 31700** is the resistance.

Key Levels

Support 1 – 30000	Resistance 1 – 31200
Support 2 – 29600	Resistance 2 – 31700

Exhibit 1: Nifty Daily Chart



Now, looking at the weekly time frame close below '5-EMA' along with 'Shooting Star' pattern on Monthly chart, the Nifty is possibly headed towards strong support zone of Weekly '20-EMA' and daily '89-EMA' zone of 13200 – 13000. However, since the Finance Minister is going to present the 'Union Budget' today, the immediate direction would be decided on the actual outcome of the event. But looking at the price structure, we do not expect Nifty to surpass **14000 – 14200** before completing its corrective phase. So if market reacts positively post the event, **13800 – 14000 – 14200** becomes a cluster of resistances and a move towards this should ideally be used to lighten up longs. On the other hand, sooner or later, the Nifty is likely to extend correction towards mentioned levels of **13200 – 13000**. Although we have been cautious of late, we believe that a fall towards these supports should be used to accumulate quality propositions in a staggered manner with a broader perspective.

Exhibit 2: Nifty Bank Daily Chart



Comments

- The Nifty futures open interest has decreased by 3.18% Bank Nifty futures open interest has decreased by 1.86% as market closed at 13634.60 levels.
- The Nifty February future closed with a premium of 74.50 point against a premium of 26.80 point in last trading session. The March series closed at a premium of 109.40 point.
- The INDIA VIX increased from 24.29 to 25.34. At the same time, the PCR-OI of Nifty decreased from 1.34 to 0.98.
- Few of the liquid counters where we have seen high cost of carry are COLPAL, DABUR, DLF, TECHM and CIPLA.

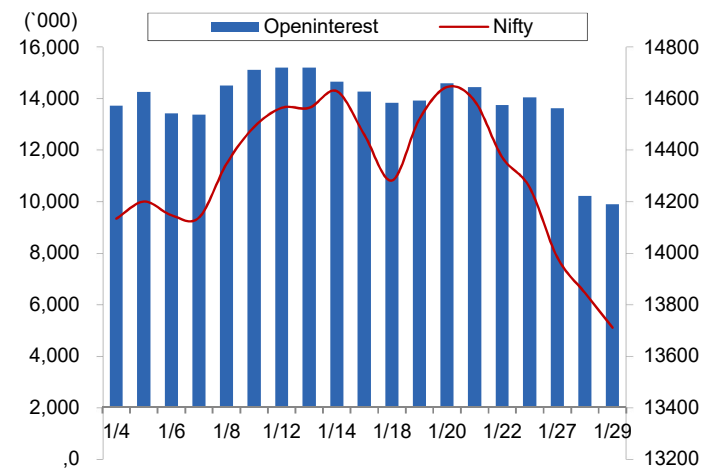
View

- Last series, we witnessed follow-up selling to correct more than 5% to previous weeks closing.
- FII's were net sellers in the cash segment to the tune of Rs. 5930 crore. In index future segment, they sold marginally with good amount fall in open interest, indicating unwinding of both long and short trades.
- We witnessed decent profit booking along with shorts in index futures and banking index continued adding shorts. Rollovers in Nifty stood at 77%, which is in line with the three month averages. But, the open interest plunged 20% series on series which indicates we are beginning February series with a lower base. Now, the BankNifty rollover may appear to be low if compared to the averages but if open interest is considered, it suggests that decent amount of shorts have been rolled-over to next series. As far as FII's activity is concerned, they preferred rolling over their shorts formed during last series. On Friday, we saw decent writing in 13800-14000 call options. On the other side, 13500 holds highest open interest concentration. Considering the upcoming event of Union Budget, it is advisable to stay light and pick quality stock in case of any sharp fall post the event.

Historical Volatility

SCRIP	HV
HAVELLS	46.29
SRTRANSFIN	76.63
DRREDDY	36.50
PAGEIND	45.37
TVSMOTOR	46.06

Nifty Vs OI



OI Gainers

SCRIP	OI	OI CHG. (%)	PRICE	PRICE CHG. (%)
SAIL	97147000	122.89	57.65	0.61
SRTRANSFIN	5008000	49.58	1291.35	16.05
TVSMOTOR	6123600	31.47	560.70	6.17
PAGEIND	62340	19.08	27176.35	-5.76
GODREJCP	3037000	17.80	744.65	-4.02
COLPAL	3175200	15.68	1603.30	2.88
AMBUJACEM	21108000	11.45	243.35	-1.75
ICICIPRULI	4908000	10.95	481.00	-1.72

OI Losers

SCRIP	OI	OI CHG. (%)	PRICE	PRICE CHG. (%)
LALPATHLAB	157000	-18.34	2247.50	-0.50
COFORGE	534000	-15.94	2392.90	-1.14
CUMMINSIND	1740000	-12.91	666.35	3.87
SRF	327625	-8.07	5370.00	-0.17
BANKBARODA	69732000	-7.73	68.05	1.94
BOSCHLTD	72850	-7.20	15328.35	-2.37
IOC	50667500	-6.39	93.25	1.24
MRF	49960	-5.54	84084.75	-3.88

Put-Call Ratio

SCRIP	PCR-OI	PCR-VOL
NIFTY	0.98	0.95
BANKNIFTY	0.87	0.83
RELIANCE	0.47	0.51
ICICIBANK	0.57	0.47
INFY	0.47	0.70

FII Statistics for January 29, 2020

Detail	Buy	Sell	Net	Contracts	Open Interest	
					Value (in Cr.)	Change
INDEX FUTURES	6472.67	6477.73	(5.06)	117312	11106.17	(5.62)
INDEX OPTIONS	247516.59	245045.78	2470.81	713263	68931.16	44.02
STOCK FUTURES	17412.20	17595.13	(182.93)	1142457	89349.04	0.79
STOCK OPTIONS	10354.73	10550.17	(195.44)	89606	6888.47	73.77
Total	281756.19	279668.81	2087.38	2062638	176274.84	14.30

Turnover on January 29, 2020

Instrument	No. of Contracts	Turnover (in Cr.)	Change (%)
Index Futures	5,36,291	47718.06	-28.02
Index Options	1,72,15,513	15,46,598.75	-79.08
Stock Futures	10,12,738	83750.48	-42.18
Stock Options	13,62,004	1,15,659.01	-3.66
Total	2,01,26,546	17,93,726.30	-76.77

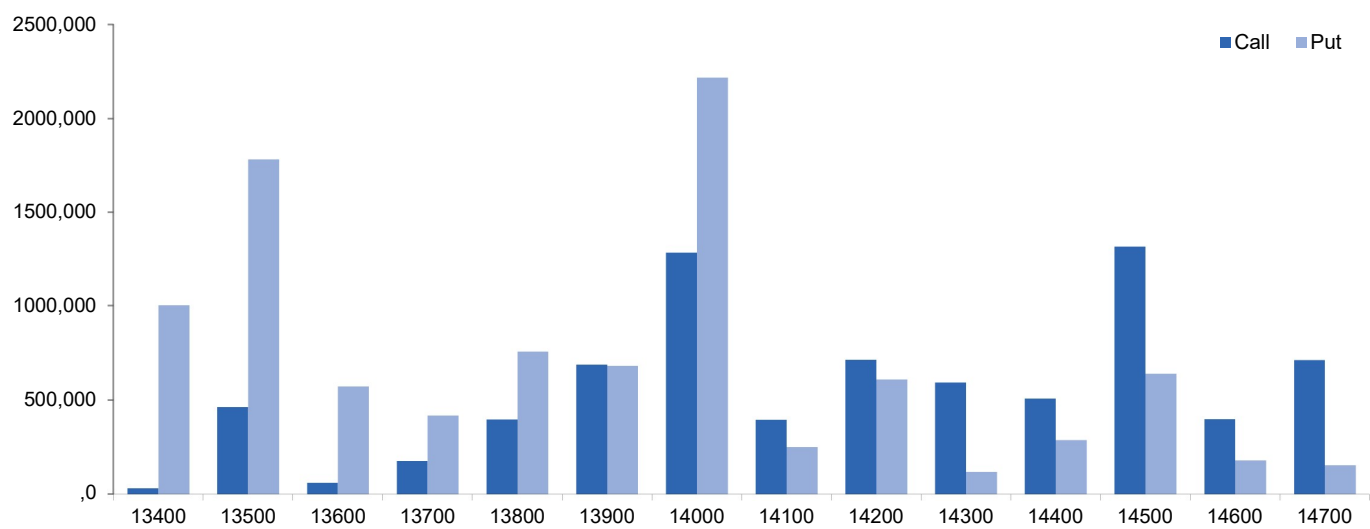
Nifty Spot = 13634.60
Bull-Call Spreads

Action	Strike	Price	Risk	Reward	BEP
Buy	13600	422.40	52.45	47.55	13652.45
Sell	13700	369.95			
Buy	13600	422.40	98.70	101.30	13698.70
Sell	13800	323.70			
Buy	13700	369.95	46.25	53.75	13746.25
Sell	13800	323.70			

Bear-Put Spreads

Action	Strike	Price	Risk	Reward	BEP
Buy	13600	317.35	42.20	57.80	13557.80
Sell	13500	275.15			
Buy	13600	317.35	78.10	121.90	13521.90
Sell	13400	239.25			
Buy	13500	275.15	35.90	64.10	13464.10
Sell	13400	239.25			

Note: Above mentioned Bullish or Bearish Spreads in Nifty (February 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	491	500	517	526	543
ASIAN PAINT	2,346	2,377	2,430	2,461	2,514
AXIS BANK	641	652	664	675	687
BAJAJ-AUTO	3,852	3,929	4,067	4,144	4,282
BAJAJ FINANCE	4,554	4,644	4,797	4,887	5,040
BAJAJ FINSV	8,402	8,562	8,836	8,996	9,270
BPCL	372	378	387	393	402
BHARTIARTL	533	543	561	571	589
BRITANNIA	3,393	3,447	3,534	3,588	3,675
CIPLA	802	814	833	844	863
COALINDIA	123	124	127	129	131
DIVISLAB	3,298	3,334	3,396	3,432	3,494
DRREDDY	4,324	4,463	4,689	4,828	5,054
EICHERMOT	2,637	2,691	2,781	2,834	2,924
GAIL	121	123	126	129	132
GRASIM	1,020	1,038	1,066	1,084	1,112
HCLTECH	884	899	924	939	964
HDFC BANK	1,344	1,367	1,388	1,411	1,432
HDFCLIFE	660	669	677	686	694
HDFC	2,305	2,342	2,401	2,437	2,496
HEROMOTOCO	3,064	3,160	3,322	3,419	3,581
HINDALCO	219	223	229	232	238
HINDUNILVR	2,208	2,236	2,279	2,307	2,350
ICICIBANK	522	529	537	545	553
IOC	91	92	94	95	98
INDUSINDBK	796	821	841	866	886
INFY	1,194	1,216	1,254	1,276	1,314
ITC	198	201	205	207	211
JSW STEEL	352	359	371	379	390
KOTAK BANK	1,676	1,695	1,722	1,741	1,768
LT	1,299	1,317	1,343	1,361	1,387
M&M	711	730	765	784	819
MARUTI	6,839	7,023	7,354	7,538	7,869
NESTLE IND	16,657	16,858	17,163	17,365	17,670
NTPC	85	87	90	92	94
ONGC	84	86	90	92	95
POWERGRID	179	182	185	188	191
RELIANCE	1,779	1,810	1,862	1,893	1,945
SBILIFE	844	854	869	879	894
SHREECEM	22,103	22,438	22,866	23,202	23,630
SBIN	272	277	284	289	296
SUNPHARMA	534	560	580	606	626
TCS	3,026	3,069	3,143	3,185	3,260
TATAMOTORS	249	256	267	274	286
TATA STEEL	572	587	610	625	648
TECHM	931	946	971	986	1,011
TITAN	1,381	1,401	1,435	1,455	1,489
ULTRACEMCO	5,153	5,240	5,375	5,462	5,597
UPL	546	553	565	572	584
WIPRO	402	410	424	432	446

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