

Sensex (48879) / Nifty (14372)

Last Friday's weakness was carried over to Monday as well and hence, Nifty witnessed a decent corrective move on the opening day to test sub-**14300** levels. However, the bulls were not ready to give up easily as they came back strong on the subsequent two sessions on the back of overall global optimism. In the process, almost all major sectoral indices registered their new record highs. Everything looked hunky dory until the sudden profit booking took place in the last hour of the weekly expiry. This sell off went on to intensify on the last day of the week to erase all weekly gains to conclude tad below the **14400** mark.

Early in the week, markets took a smart U-turn on lot of positivity across the globe. Although, new highs were being hit, we were not convinced with the move and we had clearly stated this in our intra-week commentary. The main reason behind this was indices (NIFTY, BANKNIFTY and NIFTY MIDCAP 50) making new highs with the 3-points Negative Divergence in the RSI-Smoothed oscillator on daily chart. Such divergence with 3 points is generally considered a sign of caution and hence, repeatedly we advised not getting carried away by the euphoria. Now, although Nifty has not broken any major supports, the development in BANKNIFTY does not look encouraging at all. In fact, the entire banking and financial space was the major culprit behind Friday's correction as they took a solid knock. To be specific, BANKNIFTY has confirmed a double top pattern on daily chart and has broken its important swing low with an ease. The weekly chart of the same exhibits a confirmation of 'Long Legged Doji' pattern. For Nifty, the important support to watch out would be **14222**, below which the recent bullish structure will get distorted to extend the correction towards **14000 – 13800** levels.

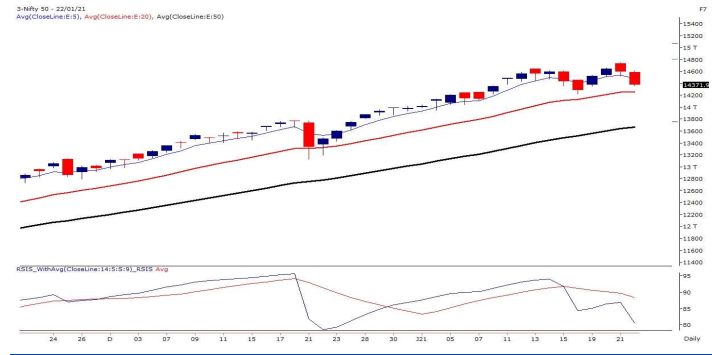
Nifty Bank Outlook - (31167)

On Friday, the Bank Index started on a weak note and with bearish momentum throughout the session ended with a loss of 3.17% at **31167**. During the last week, we remained cautious on the Bank Index and we mentioned a stiff resistance around the **32700 – 33000** mark. On Thursday, despite Bank Nifty making a fresh new high, it failed to sustain above the mentioned levels that triggered a selloff in the last hour of the weekly expiry day. A follow-up selling was seen on Friday resulting in a Double Top bearish breakdown and now we sense the bank index is likely to see further weakness going ahead in the near term. Traders are advised to keep light on banking stocks and use any bounce to exit longs. As far as levels are concerned **31500 - 31650** is the immediate resistance whereas on the flip side **30900 - 30750** is the next support zone.

Key Levels

Support 1 – 30900	Resistance 1 – 31500
Support 2 – 30750	Resistance 2 – 31650

Exhibit 1: Nifty Daily Chart



On the higher side, **14500 – 14632** would be seen as immediate hurdles. Historically, it is rare to see a major trend reversal ahead of any mega event. Hence, it would be interesting to see how things pan out in this week as the Union Budget is around the corner. Looking at the price development, it does not look encouraging. All eyes should be on the financial space; because if further weakness has to come, it would certainly be led by this space. We continue to advise staying light on positions and should ideally avoid creating leveraged positions ahead of the budget (especially in high beta counters). With a broader view, if any significant correction comes, it would be a great opportunity to accumulate quality propositions in a staggered manner.

Key Levels

Support 1 – 14222	Resistance 1 – 14500
Support 2 – 14100	Resistance 2 – 14540

Exhibit 2: Nifty Bank Daily Chart



Comments

- The Nifty futures open interest has decreased by 4.86% Bank Nifty futures open interest has increased by 8.63% as market closed at 14371.90 levels.
- The Nifty January future closed with a premium of 8.25 point against a premium of 8.3 point in last trading session. The February series closed at a premium of 48.05 point.
- The INDIA VIX increased from 22.18 to 22.42. At the same time, the PCR-OI of Nifty decreased from 1.28 to 1.14.
- Few of the liquid counters where we have seen high cost of carry are SUNTV, ULTRACEMCO, KOTAKBANK, DLF, IDEA AND SHREECEM.

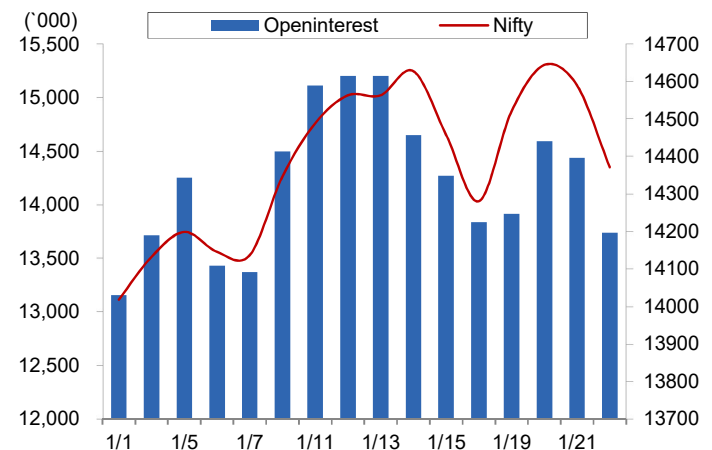
View

- Post a negative start on the first day of the week, the Nifty pulled higher on next couple of sessions and registered new high around 14750 on Thursday. However, we witnessed a correction in the later half on Thursday which continued on the last day as well and the index ended the week below 14400.
- FII's were net sellers in the cash segment to the tune of Rs. 636 crore. In index future segment, they sold worth Rs. 1471 crore with increase in open interest indicating short formation and long unwinding on Friday.
- Nifty witnessed unwinding of some positions while short formations were seen in Bank Nifty. FII's added some short positions in the index futures and hence, their 'Long Short Ratio' has declined to tad below 60 percent. In options segment too, call writers have added decent amount of positions and hence, upside seems to be limited in this expiry week. Traders should prefer to lighten up longs on any pullback moves towards 14450-14500. The immediate support for Nifty is placed around 14200 and it would be crucial to see how the market reacts if it comes around this support.

Historical Volatility

SCRIP	HV
BAJAJ-AUTO	41.04
BIOCON	60.86
SAIL	67.56
SRF	49.09
ASIANPAINT	38.10

Nifty Vs OI



OI Gainers

SCRIP	OI	OI CHG. (%)	PRICE	PRICE CHG. (%)
BIOCON	17657100	35.88	393.75	-10.99
RBLBANK	31659300	24.75	232.80	-8.41
ULTRACEMCO	1877200	24.35	5534.75	0.25
BAJAJ-AUTO	2226500	24.07	4089.70	9.92
APOLLOTYRE	19985000	18.57	231.90	6.53
BANDHANBNK	30376800	10.81	314.10	-7.58
TATAPOWER	98712000	10.47	79.40	-4.39
HINDALCO	25623700	9.48	239.20	-3.82

OI Losers

SCRIP	OI	OI CHG. (%)	PRICE	PRICE CHG. (%)
SAIL	138567000	-10.33	58.20	-10.74
BAJAJFINSV	649875	-10.28	9071.10	-0.19
SUNTV	9667500	-9.91	507.85	1.98
WIPRO	32195200	-8.75	444.75	0.33
APOLLOHOSP	1503500	-8.71	2597.95	0.20
PEL	4288350	-7.56	1487.40	-4.74
BOSCHLTD	105100	-7.40	15670.55	-0.82
PAGEIND	66000	-7.37	29349.65	1.78

Put-Call Ratio

SCRIP	PCR-OI	PCR-VOL
NIFTY	1.14	1.00
BANKNIFTY	0.63	1.09
RELIANCE	0.53	0.54
ICICIBANK	0.50	0.70
INFY	0.35	0.45

FII Statistics for January 22, 2020

Detail	Buy	Sell	Net	Contracts	Open Interest	
					Value (in Cr.)	Change
INDEX FUTURES	5613.93	7085.22	(1471.29)	141630	14085.02	4.75
INDEX OPTIONS	431046.68	432539.10	(1492.42)	761027	75750.99	15.15
STOCK FUTURES	28891.61	29358.62	(467.01)	1222407	99895.90	0.06
STOCK OPTIONS	18465.83	18623.84	(158.01)	192581	15810.35	2.42
Total	484018.05	487606.78	(3588.73)	2317645	205542.26	5.07

Turnover on January 22, 2020

Instrument	No. of Contracts	Turnover (in Cr.)	Change (%)
Index Futures	5,89,658	53812.16	58.11
Index Options	2,92,50,524	26,72,175.85	-58.99
Stock Futures	14,19,862	1,26,546.11	25.42
Stock Options	29,47,252	2,73,585.01	7.05
Total	3,42,07,296	31,26,119.13	-54.74

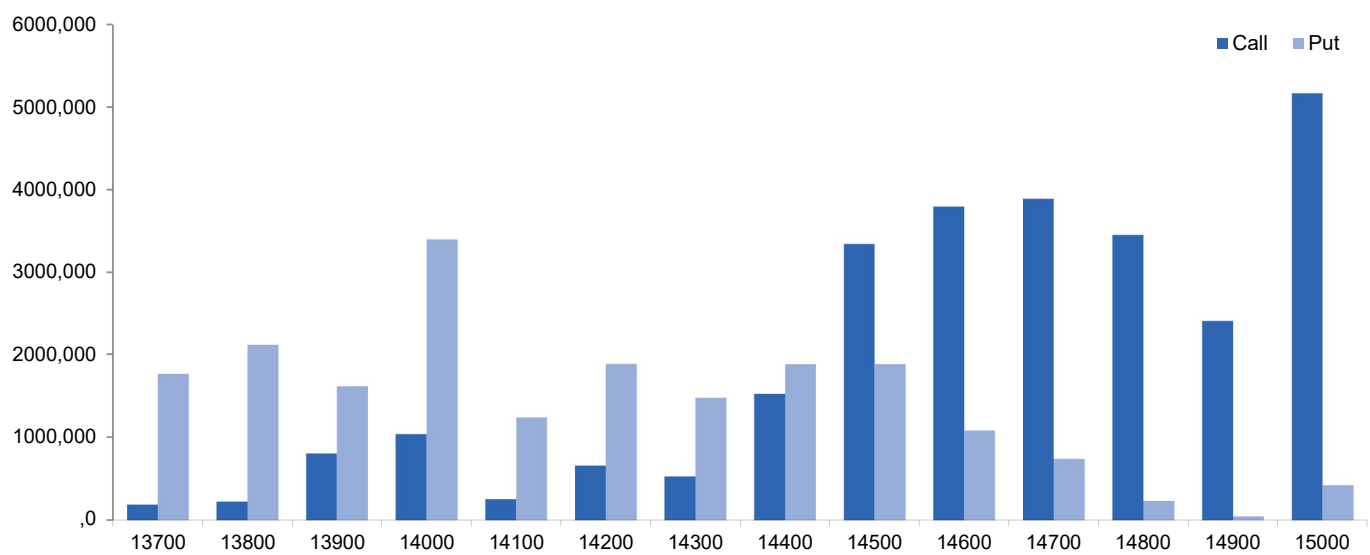
Nifty Spot = 14371.90
Bull-Call Spreads

Action	Strike	Price	Risk	Reward	BEP
Buy	14400	130.70			
Sell	14500	85.15	45.55	54.45	14445.55
Buy	14400	130.70			
Sell	14600	52.60	78.10	121.90	14478.10
Buy	14500	85.15			
Sell	14600	52.60	32.55	67.45	14532.55

Bear-Put Spreads

Action	Strike	Price	Risk	Reward	BEP
Buy	14400	149.90			
Sell	14300	107.40	42.50	57.50	14357.50
Buy	14400	149.90			
Sell	14200	75.90	74.00	126.00	14326.00
Buy	14300	107.40			
Sell	14200	75.90	31.50	68.50	14268.50

Note: Above mentioned Bullish or Bearish Spreads in Nifty (January 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	516	526	542	552	567
ASIAN PAINT	2,473	2,535	2,652	2,714	2,831
AXIS BANK	617	631	652	666	688
BAJAJ-AUTO	3,597	3,843	3,987	4,233	4,376
BAJFINANCE	4,827	4,900	5,018	5,091	5,210
BAJAJFINSV	8,835	8,953	9,083	9,201	9,332
BPCL	383	390	401	408	419
BHARTIARTL	566	571	578	584	591
BRITANNIA	3,531	3,569	3,630	3,668	3,729
CIPLA	785	797	810	821	834
COALINDIA	129	131	135	137	140
DIVISLAB	3,479	3,512	3,563	3,596	3,647
DRREDDY	4,922	4,979	5,042	5,100	5,163
EICHERMOT	2,833	2,903	2,970	3,040	3,107
GAIL	131	133	134	136	138
GRASIM	981	992	1,012	1,023	1,042
HCLTECH	968	977	990	999	1,013
HDFCBANK	1,423	1,433	1,451	1,461	1,478
HDFCLIFE	669	678	693	703	718
HDFC	2,521	2,555	2,617	2,651	2,713
HEROMOTOCO	3,148	3,261	3,373	3,486	3,598
HINDALCO	227	233	242	247	256
HINDUNILVR	2,331	2,370	2,396	2,435	2,461
ICICIBANK	516	525	539	548	562
IOC	94	95	96	97	98
INDUSINDBK	862	878	906	922	950
INFY	1,312	1,326	1,341	1,356	1,371
ITC	206	208	212	214	217
JSW STEEL	356	366	382	391	407
KOTAKBANK	1,792	1,810	1,843	1,861	1,893
LT	1,335	1,349	1,362	1,375	1,388
M&M	775	787	807	818	838
MARUTI	7,811	7,930	8,119	8,238	8,427
NESTLEIND	17,342	17,466	17,674	17,798	18,006
NTPC	91	92	94	96	98
ONGC	91	92	94	95	97
POWERGRID	191	193	195	196	198
RELIANCE	1,987	2,018	2,067	2,098	2,147
SBILIFE	814	838	862	886	910
SHREECEM	23,287	23,491	23,816	24,020	24,346
SBIN	272	278	288	294	304
SUNPHARMA	561	568	578	585	594
TCS	3,207	3,255	3,290	3,338	3,373
TATAMOTORS	263	276	292	305	320
TATASTEEL	610	629	652	671	694
TECHM	957	969	987	999	1,017
TITAN	1,457	1,474	1,504	1,522	1,552
ULTRACEMCO	5,406	5,470	5,533	5,597	5,660
UPL	546	556	574	585	603
WIPRO	434	439	446	451	457

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