

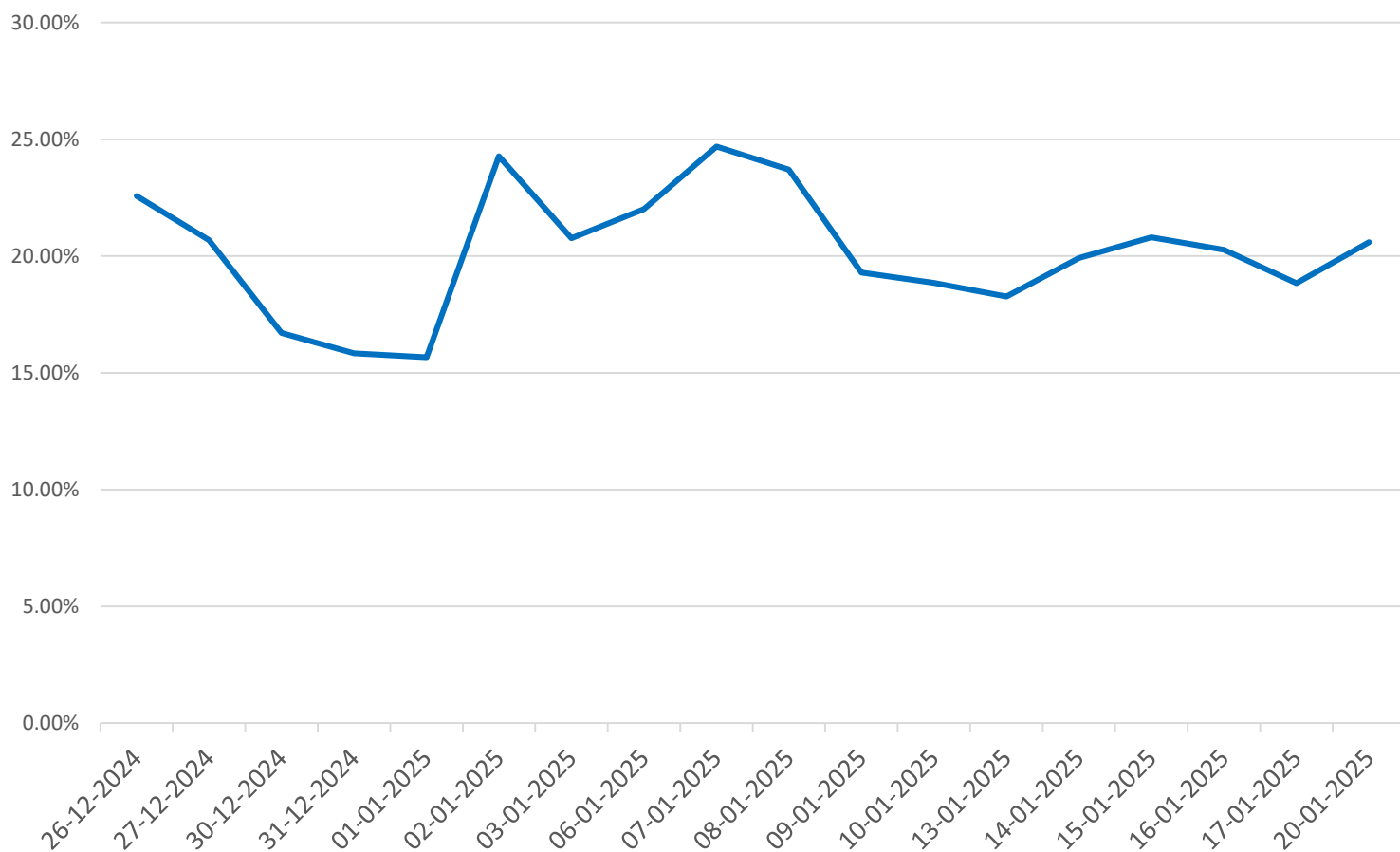
DERIVATIVE REPORT



21st January 2025

FII's Long Short Ratio

Long Short Ratio



- The FII's Long-Short Ratio has increased to 20.60% from the previous 18.85%, signaling short covering activity.
- This shift suggests that FIIs are likely covering their short positions as the January series expiry approaches.
- During the series, FIIs initiated fresh short positions near the 23,500 level.
- If the market decisively breaks above this critical level, it could trigger a sharp short-covering rally.

Key Takeaways:

- **Increased Long-Short Ratio:** The rise indicates a shift in sentiment as FIIs reduce bearish bets.
- **Critical Level at 23,500:** Market movement beyond this level could result in significant short covering.
- **Impact of Expiry:** With the series nearing expiry, volatility may spike as FIIs adjust their positions.

Monitoring these levels and the FII positioning can provide valuable insights into potential market trends.

Derivative Report

Nifty : Index Likely to take support at lower level.

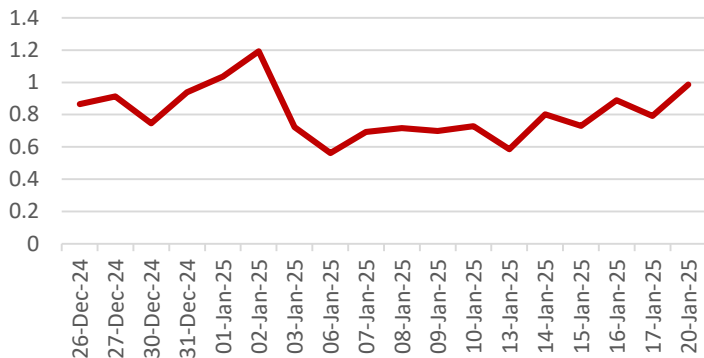


- Nifty is currently trading at a premium of 55.45 and has closed 0.57% higher with a 1.45% increase in OI, indicating a long buildup.
- Option data suggests that participants expect the market to trade above 23,600 as long as it holds above 23,200, while the rise in PCR reflects increased activity by PE writers aggressively selling positions.
- On the technical front, the index is trading within the range of 23,120-23,440 and has managed to close above the 21 Double EMA after 10 trading sessions, signaling a minor-term shift to an uptrend.
- Aligning both technical and derivative setups, the market is expected to move higher as long as it respects the critical support zone of 23,000-22,800.

	SUPPORT	RESISTANCE		PRICE	OI
NIFTY 50	23200/23000	23500/23600	Near	23400.2	14133750
			Next	23534.3	3653700
			Far	23687.2	462675
	ADVANCE	DECLINE	AD RATIO		
NIFTY	29	21	1.38		
NIFTY F&O	144	55	2.618		

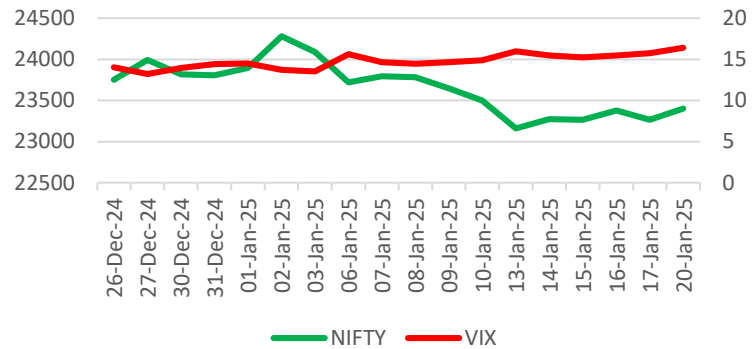
Derivative Report

PCR



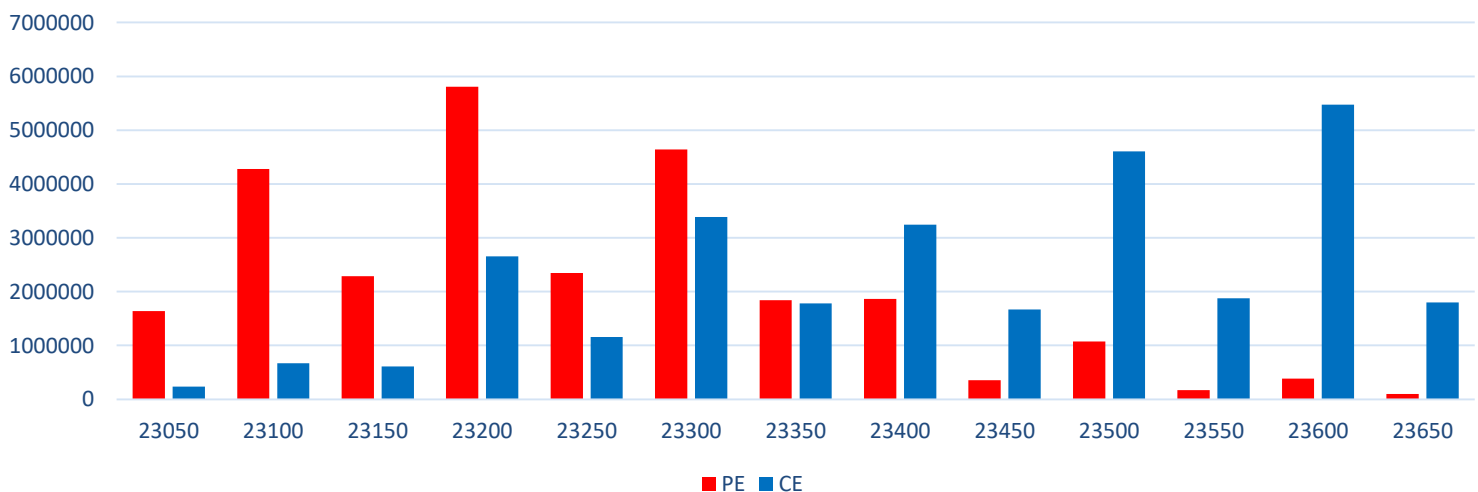
The Weekly PCR has increased from 0.79 to 0.98, indicating a rise in put activity. A significant portion of the positions on the put side are shorts, suggesting that market participants anticipate the market to move higher, with strong support levels.

India VIX



The India VIX closed at 16.415, marking the highest closing in the January series. This increase in VIX signals a rise in market volatility. If VIX sustains above 16, it is likely to move toward the 18-21 range, indicating heightened uncertainty. Conversely, if it falls below 15, it could trend lower toward the 15-13 range, reflecting reduced volatility and a more stable market environment.

NIFTY DAILY OI



At the weekly expiry, the highest open interest on the call side is observed at the 23,600 strike, followed by 23,500, where fresh long positions are being added, indicating expectations of an upward move. On the put side, the highest open interest is at the 23,200 strike, followed by 23,300, with fresh short positions pointing to strong support. This suggests that participants expect the market to hold above 23,200 and potentially move beyond 23,600, with a breach of either level likely to trigger significant momentum.

Bank Nifty: Short Covering Observed, Awaiting Decisive Breakout



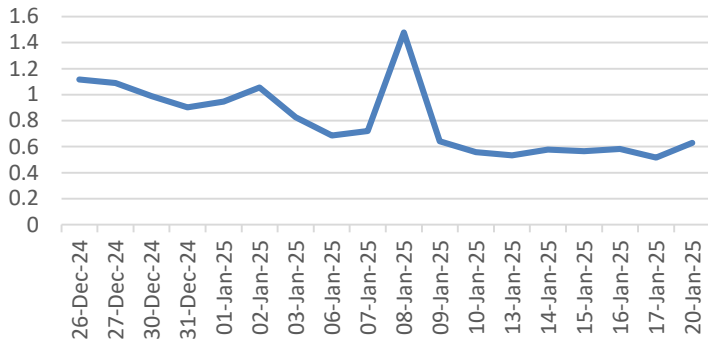
- The Banking Index is trading at a premium of 162.10, and it has closed 1.70% higher from the previous day's close, with a 0.32% decrease in OI, indicating short covering in yesterday's session.
- Option data also suggests short covering on the call side and the addition of fresh short positions on the put side, while the increase in implied volatility (IV) signals a rise in market volatility.
- On the technical front, the index has been trading within a range of 49,800-48,180 for the past 7 days.
- A breakout from this range is expected to trigger a decisive move in the market.
- Aligning both technical and derivative setups, waiting for a breakout would be a prudent strategy to anticipate the next directional move.

	SUPPORT	RESISTANCE		PRICE	OI
BNF	48000/47500	48500/48800	Near	49512.9	2384220
	ADVANCE	DECLINE	Next	49820.8	867420
BNF	10	2	Far	50174.7	140760

Derivative Report

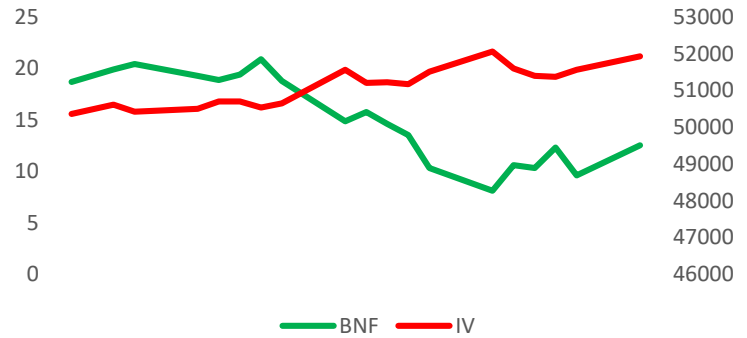


PCR



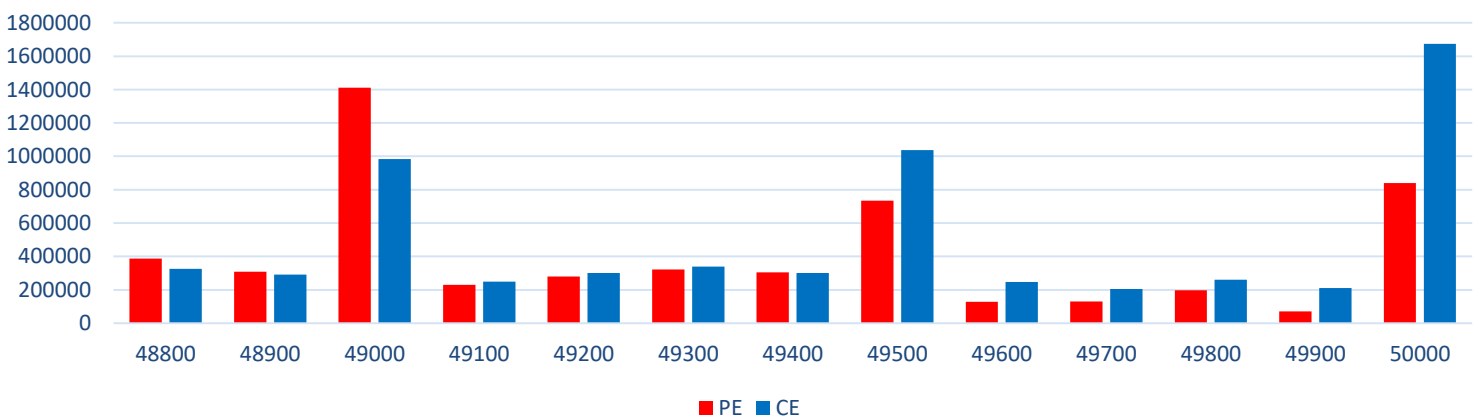
The monthly PCR has increased from 0.51 to 0.63, indicating a rise in put (PE) activity. This shift suggests an increase in PE participants and a decrease in CE participation, signaling that PE writers are becoming more aggressive in selling positions while CE writers are reducing their exposure. This dynamic points to expectations of market stability or a potential upward move, with participants favoring downside protection through put writing.

BNF IV



The increase in Implied Volatility (IV) indicates a rise in market volatility. Currently, the IV is at its highest level in the January series.

BNF DAIL OI



The highest open interest on the call side is observed at the 50,000 strike, followed by the 49,500 strike, where short covering is taking place. On the put side, the highest open interest is at the 49,000 strike, followed by the 49,500 strike, where fresh short positions are being added. This suggests that market participants are squaring off their short positions on the call side while adding new short positions on the put side, indicating expectations of a potential pullback or consolidation.

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