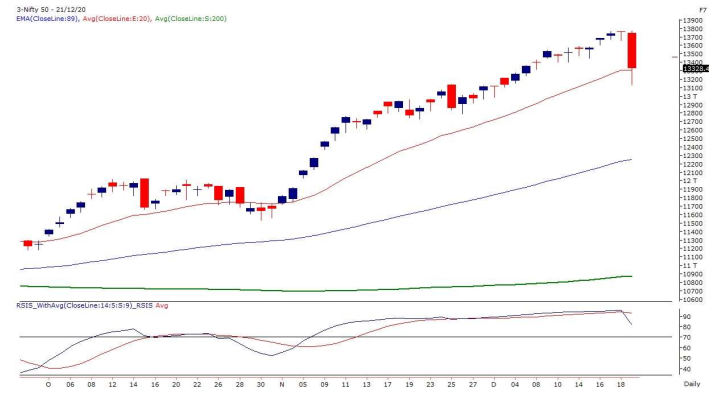


Sensex (45555) / Nifty (13328)

Markets have been enjoying a strong Bull Run over the past two months now. Last week, the benchmark index hit a fresh record high above **13700** and yesterday too despite having some sluggish start, Nifty managed to post a new high of **13777.50** in the initial hours. However, some fresh unfavorable developments over the weekend with respect to COVID-19 in major European countries spooked traders across the globe post the mid session. The initial profit booking then turned into a massive sell off in the latter half to shed more than 600 points at one point. Eventually, the Nifty ended the session with over three percent cut to mark its biggest intraday loss in the last few months.

Yesterday's correction finally validated our recent cautious stance and this is how the market generally traps market participants. Despite the market hitting new record highs in the last couple of weeks, we have been repeatedly advocating on booking profits and staying light. It might have looked silly but we remained firm on our stance, which finally paid off. Now, the brakes have been applied to the recent euphoria and for a time being, yesterday's high will remain a record high for our markets. With yesterday's sharp fall, we can see the last twelve day's gains going for a toss, a classic revenge from the mighty bears. For the coming session, any bounce back towards **13450 – 13550** is likely to get sold into; whereas on the lower side, Nifty has reached its first level of retracement i.e. the '89-EMA' level (**13100**) on the '180-minutes' chart. Ideally, the next level of the natural profit booking is around 12800, which is the '200-SMA' level on the same time frame chart. But before this, yesterday's low of **13130**, would be seen as

Exhibit 1: Nifty Daily Chart



Traders are continuously advised to stay light and avoid taking contradictory bets in the coming session. With a larger view, this correction should be interpreted as a healthy sign and it will certainly provide better opportunities to enter marquee names on correction. But for momentum traders, the way chart structure seems distorted; it has certainly dented the recent optimism.

Key Levels

Support 1 – 13200	Resistance 1 – 13450
Support 2 – 13130	Resistance 2 – 13550

Nifty Bank Outlook - (29456)

Yesterday, Bank Index started on a weak note and it immediately slipped below Friday's low. Subsequently, the bank index attempted to bounce back however along with the broader markets it witnessed a sharp sell-off to eventually end with a loss of more than 4% at the **29456** level. For the last few sessions, the bank nifty was trading in a very tight range and was struggling to surpass the **31000** level. We had mentioned a formation of a Rising Wedge pattern on the daily chart and after breaking below the same we witnessed a sharp selloff yesterday. Now with yesterday's fall, the short-term charts have been distorted and we can expect a further correction in the near term towards **28650-28470** levels. On the flip side, any bounce back in the coming session may face resistance around **29800 - 30000** levels. Volatility is also likely to spike and hence traders are advised to keep positions light and avoid aggressive bets.

Exhibit 2: Nifty Bank Daily Chart



Key Levels

Support 1 – 29000	Resistance 1 – 29800
Support 2 – 28650	Resistance 2 – 30000

Comments

- The Nifty futures open interest has decreased by 9.22% Bank Nifty futures open interest has increased by 15.96% as market closed at **13760.55** levels.
- The Nifty December future closed with a premium 1.38 point against a premium of 13.50 point in last trading session. The January series closed at a premium of 48.65 point.
- The INDIA VIX increased from 19.68 to 23.19. At the same time, the PCR-OI of Nifty decreased from 1.62 to 1.12.
- Few of the liquid counters where we have seen high cost of carry are CANBK, IDEA, DIVISLAB, GMRINFRA and ONGC.

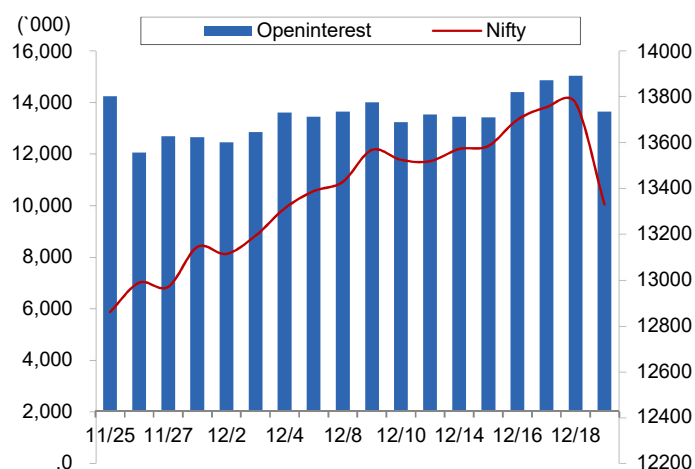
View

- Yesterday, we started the session in red and saw follow-up selling to drag index towards 13300 mark. Eventually, Nifty concluded the day with a massive cut of 3.14%
- FII's were net sellers in the cash segment to the tune of Rs. 324 crore. In index future segment, they sold worth Rs. 265 cr with some rise in open interest indicating they added fresh short positions in yesterday's session.
- In F&O segment, we saw good amount of long unwinding in Nifty and in case of banking index, we witnessed huge short formation. In options front, strong writing took place in 13500-14000 call options. On the other side, seeing the sharp fall put writers of 13350-13900 strikes covered their positions. We have been mentioning in our previous reports that market has been overbought and finally we saw decent fall in yesterday session. Now, traders are advised to wait for follow-up activity before initiating any directional trades.

Historical Volatility

SCRIP	HV
NATIONALUM	53.46
IOC	41.11
TATAPOWER	52.29
TORNTPOWER	38.66
ONGC	55.30

Nifty Vs OI



OI Gainers

SCRIP	OI	OI CHG. (%)	PRICE	PRICE CHG. (%)
CUMMINSIND	2176800	14.09	612.05	3.86
SAIL	110865000	9.97	57.80	0.17
AMARAJABAT	1921000	9.71	955.70	0.84
TATASTEEL	40409000	7.82	631.25	-0.49
IOC	59271500	7.48	93.95	-1.36
PETRONET	13854000	7.37	257.70	-0.81
MFSL	8676200	7.37	648.20	-1.39
APOLLOTYRE	10630000	7.10	191.50	-2.66

OI Losers

SCRIP	OI	OI CHG. (%)	PRICE	PRICE CHG. (%)
M&MFIN	9550620	-28.73	165.85	-6.41
MINDTREE	1229600	-21.14	1427.15	-3.74
MFSL	7224100	-16.74	643.20	-1.18
SAIL	94221000	-15.01	55.35	-3.74
CUMMINSIND	1850400	-14.99	576.10	-6.30
GODREJCP	5688000	-12.56	703.50	-2.45
CHOLAFIN	4160000	-12.10	354.85	-5.69
BEL	31555200	-10.38	111.95	-7.75

Put-Call Ratio

SCRIP	PCR-OI	PCR-VOL
NIFTY	1.12	0.94
BANKNIFTY	0.62	1.00
RELIANCE	0.46	0.35
ICICIBANK	0.56	0.69
INFY	0.68	0.52

FII Statistics for December 21, 2020

Detail	Buy	Sell	Net	Contracts	Open Interest	
					Value (in Cr.)	Change
INDEX FUTURES	7238.94	7503.87	(264.93)	154890	14629.23	0.41
INDEX OPTIONS	461084.04	459839.06	1244.98	1009369	95120.89	16.40
STOCK FUTURES	23070.36	21549.62	1520.74	1293125	99922.71	(0.70)
STOCK OPTIONS	13744.95	13883.21	(138.26)	106685	8307.66	3.74
Total	505138.29	502775.76	2362.53	2564069	217980.49	5.67

Turnover on December 21, 2020

Instrument	No. of Contracts	Turnover (in Cr.)	Change (%)
Index Futures	6,27,641	54837.18	84.13
Index Options	3,36,94,362	29,63,334.76	116.13
Stock Futures	11,47,374	91409.30	45.54
Stock Options	24,13,491	2,02,251.14	52.71
Total	3,78,82,868	33,11,832.38	107.49

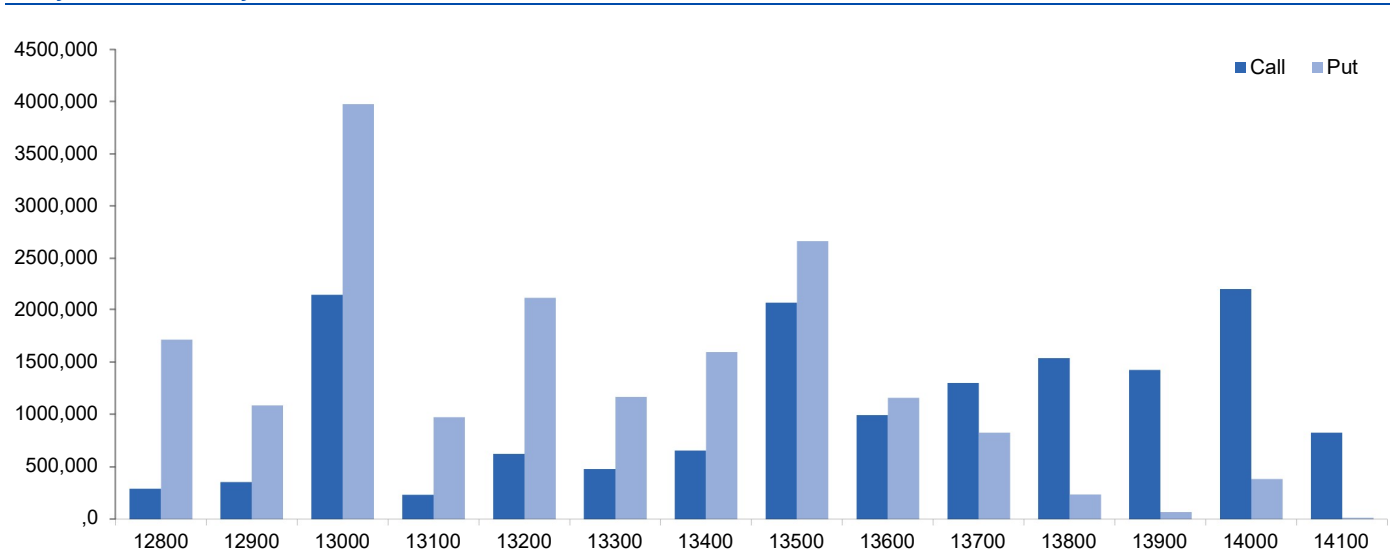
Nifty Spot = 13328.40
Bull-Call Spreads

Action	Strike	Price	Risk	Reward	BEP
Buy	13300	213.65	52.90	47.10	13352.90
Sell	13400	160.75			
Buy	13300	213.65	99.55	100.45	13399.55
Sell	13500	114.10			
Buy	13400	160.75	46.65	53.35	13446.65
Sell	13500	114.10			

Bear-Put Spreads

Action	Strike	Price	Risk	Reward	BEP
Buy	13300	184.20	35.30	64.70	13264.70
Sell	13200	148.90			
Buy	13300	184.20	67.85	132.15	13232.15
Sell	13100	116.35			
Buy	13200	148.90	32.55	67.45	13167.45
Sell	13100	116.35			

Note: Above mentioned Bullish or Bearish Spreads in Nifty (December 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	406	425	446	465	486
ASIAN PAINT	2,502	2,528	2,565	2,592	2,629
AXIS BANK	554	568	588	602	622
BAJAJ-AUTO	3,107	3,173	3,264	3,329	3,420
BAJFINANCE	4,731	4,886	5,061	5,216	5,390
BAJAJFINSV	8,212	8,529	8,887	9,205	9,562
BPCL	337	352	373	388	408
BHARTIARTL	463	477	494	508	525
BRITANNIA	3,436	3,530	3,629	3,722	3,821
CIPLA	728	753	785	810	842
COALINDIA	122	128	135	140	147
DIVISLAB	3,400	3,517	3,661	3,777	3,921
DRREDDY	4,789	4,929	5,102	5,241	5,414
EICHERMOT	2,255	2,326	2,411	2,482	2,568
GAIL	105	110	117	122	130
GRASIM	844	860	885	902	927
HCLTECH	816	843	877	904	937
HDFCBANK	1,331	1,352	1,388	1,409	1,445
HDFCLIFE	598	613	633	649	669
HDFC	2,313	2,364	2,421	2,472	2,530
HEROMOTOCO	2,823	2,908	3,031	3,116	3,239
HINDALCO	216	224	237	245	258
HINDUNILVR	2,222	2,264	2,307	2,349	2,392
ICICIBANK	473	484	499	510	526
IOC	80	83	88	92	97
INDUSINDBK	763	803	854	894	946
INFY	1,122	1,150	1,180	1,207	1,237
ITC	190	197	206	212	221
JSW STEEL	331	342	355	367	380
KOTAKBANK	1,878	1,899	1,929	1,951	1,981
LT	1,058	1,146	1,242	1,331	1,427
M&M	622	654	692	724	762
MARUTI	7,097	7,236	7,418	7,557	7,739
NESTLEIND	17,849	18,021	18,273	18,445	18,697
NTPC	90	94	99	103	108
ONGC	83	86	93	96	103
POWERGRID	179	182	188	191	196
RELIANCE	1,772	1,856	1,939	2,023	2,106
SBILIFE	814	828	846	859	877
SHREECEM	22,538	23,128	23,839	24,429	25,140
SBIN	240	248	258	265	276
SUNPHARMA	513	533	559	579	606
TCS	2,729	2,775	2,831	2,876	2,932
TATAMOTORS	153	159	168	174	183
TATASTEEL	561	578	603	621	645
TECHM	859	883	914	938	968
TITAN	1,406	1,439	1,484	1,516	1,561
ULTRACEMCO	4,697	4,852	5,021	5,177	5,346
UPL	395	416	438	460	482
WIPRO	337	346	357	365	376

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