



# WEEKLY NEWSLETTER



## WILL THE MARKETS BULLDOZE THROUGH THE RESISTANCE ?

So far, the markets have been quite successful in climbing the wall of worry. The question for the week remains whether they will be able to **bulldoze through the series of resistances** that they are likely to face in their journey upwards.

For now, the **200 DMA (10886)** and the **11000 mark** are likely to offer stiff resistance to the NIFTY.

Q1 FY2021 has been a washout of sorts and the **earnings season** starting from July 9 should provide us cues about the possible rate of recovery in the economy.

Major **global indices** have **shown sideways action** for the last week, hinting at profit booking after the humongous rally from the bottom.

Options data for July series indicate **highest Call Open Interest at the strike of 11000** and **highest Put Open Interest at the strike of 10000**. Thus Options data suggest a trading range with Resistance at 11000 and Support at 10000.

## MARKET WEEKLY OVERVIEW

NIFTY 10607.35  
Weekly % Change = **2.16%**

### TOP GAINERS

HEROMOTOCO	7.79%
HDFC	6.55%
ITC	6.33%

### TOP LOSERS

COALINDIA	4.82%
VEDL	3.18%

**52 W HIGH**  
BALKRISIND

**52 W LOW**  
NONE

# ACTIONABLE OPTION STRATEGIES

## Instrument Name :

**BHARTIARTL**

## Trend :

Bharti Airtel is trading near 52 week high and also formed a bullish candlestick pattern on Friday.

## Options Data :

July OI data suggest

**Support** at 500 ( **Max Put OI**)

**Resistance** at 600 ( **Max Call OI**)

## Futures Data :

**BHARTIARTL** was up 3.86% on Friday and **Future OI** was down 0.66%. This indicates **short covering** and indicates bears are covering their shorts.

**Sell 1 Leg of JUL 580 PE @ 22.5**

**Buy 1 Leg of JUL 560 PE @ 13.5**

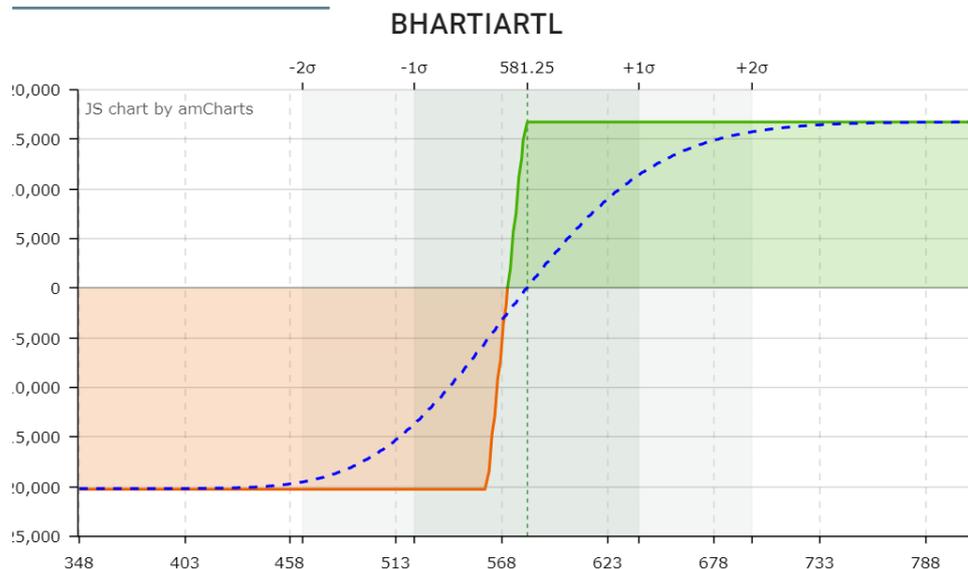
**Max Profit** : INR 16750

**Max Loss** : INR 20268 (exit if loss is more than 8K)

**Breakeven** : 571

## Possible Adjustments :

If Bharti Airtel sustains below 570 one can create call credit spread at 600 i.e 600 CE sell and 620 CE Buy to reduce the breakeven on the downside



With the new margin requirements, the margin required for above trade is only around 75K.

So, the ROI is almost 22% on margin deployed but in case of a wild movement one could lose up to 20K which is around 27% of margin deployed.

So one should **initiate this trade with atleast 3 lakh per lot only** and not be aggressive due to new margin rules.

# ACTIONABLE OPTION STRATEGIES

## Instrument Name :

**NIFTY**

## Trend :

NIFTY seems to be in uptrend in short term but also has resistance around 11000 level.

## Options Data :

July OI data suggest

**Support** at 10000 ( **Max Put OI**)

**Resistance** at 11000 ( **Max Call OI**)

## Additional Data :

**10750-10900 can act as strong resistance due to the confluence of weekly bearish Gap and the critical 200dma**

**Sell 1 Leg of JUL 10000 PE @ 95**

**Buy 1 Leg of JUL 9800 PE @ 65**

**Sell 1 Leg of JUL 11000 CE @ 90**

**Buy 1 Leg of JUL 11200 CE @ 47**

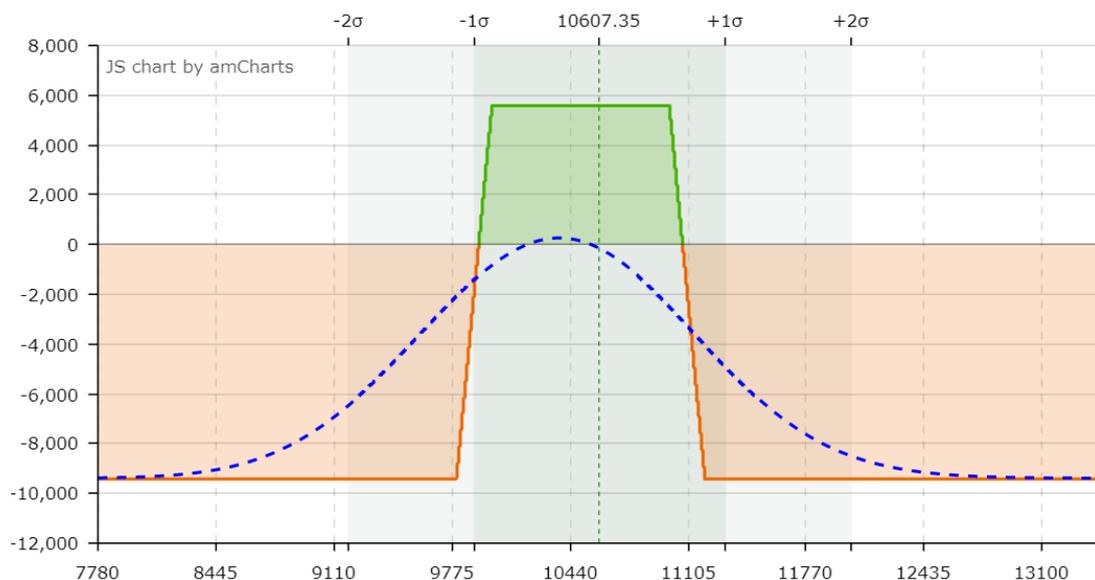
**Max Profit** : INR 5576

**Max Loss** : INR 9400 (exit if loss is more than 5K)

**Breakeven** : 9926 - 11074

## Possible Adjustments :

If Nifty sustains below 10200 one can rolldown call to 10800 CE and if Nifty sustains above 10800 then once rollup puts to 10200 to get some additional credit



With the new margin requirements, the margin required for above trade is only around 45K.

So, the ROI is almost 12% on margin deployed but in case of a wild movement one could lose up to 9400 which is around 20% of margin deployed.

So one should **initiate this trade with atleast 3 lakh per lot only** and not be aggressive due to new margin rules.

## DISCLAIMER

This views expressed in this newsletter is just for **educational purpose**  
Investment/Trading in securities market is subject to **market risk and** past performance is not a guarantee of future performance.

Trading in derivatives is extremely risk and should be done only with proper knowledge.

It is very important to do your own analysis before making any investment based on your own personal circumstances

## CONTACT US

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