



# WEEKLY NEWSLETTER



## WHICH CURVE WILL FLATTEN OUT EARLIER - NIFTY OR THE COVID-19 ?

Nifty has shown a **stellar rise from the bottom of 7500** inspite of the rising number of COVID-19 cases. The talk of the town has been that this is a liquidity driven rally with things on ground not showing much of an improvement.

The earnings season has just begun and many a mysteries will be unravelled in the coming days. Is there more steam left in Nifty's rise? **Has the Nifty run up too far too soon ?**

Markets are known to be forward looking and have discounted all possible negative news flow so far. **"Markets can remain irrational longer than one can remain solvent"**. So, it's best to trade the markets based on data and Price Action instead of one's opinion.

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 10768.05  
Weekly % Change = **1.51%**

### TOP GAINERS

BAJFINANCE	13.05%
HINDALCO	11.82%
INDUSINDBK	10.68%

### TOP LOSERS

INFRATEL	7.79%
ADANIPTS	7.06%

**52 W HIGH**  
**RELIANCE**

**52 W LOW**  
**NONE**

# ACTIONABLE OPTION STRATEGIES

**Instrument Name :**  
**RELIANCE**

**Sell 1 Leg of JUL 1900 PE @ 87**  
**Buy 1 Leg of JUL 1800 PE @ 41**

**Trend :**

Reliance is at a 52 week high and showing strong bullish momentum

**Max Profit :** INR 23500

**Max Loss :** INR 26500 (exit if loss is more than 10K)

**Breakeven :** 1854

**Options Data**

July OI data suggest

**Support** at 1800 ( **Max Put OI**)

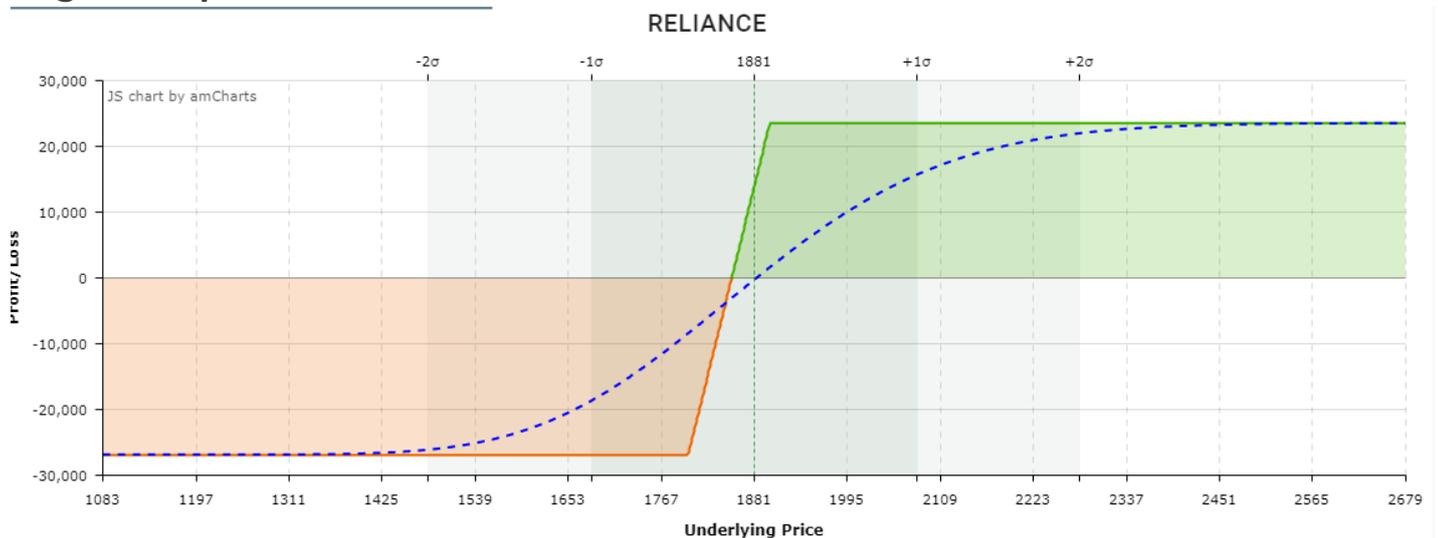
**Resistance** at 2000 (**Max Call OI**)

**Possible Adjustments :**

If Reliance sustains below 1850 one can create call credit spread at 1900 i.e 1900 CE sell and 1940 CE Buy to reduce the breakeven on the downside

**Futures Data :**

**Reliance was up 2.84% on Friday and Future OI was up 2.77%. This indicates long buildup**



With the new margin requirements, the margin required for above trade is only around 85K.

So, the ROI is almost 28% on margin deployed but in case of a wild movement one could lose up to 26K which is around 30% of margin deployed.

So one should **initiate this trade with atleast 4 lakh per lot** and not be aggressive due to new margin rules.

# ACTIONABLE OPTION STRATEGIES

**Instrument Name :**  
**BANKNIFTY**

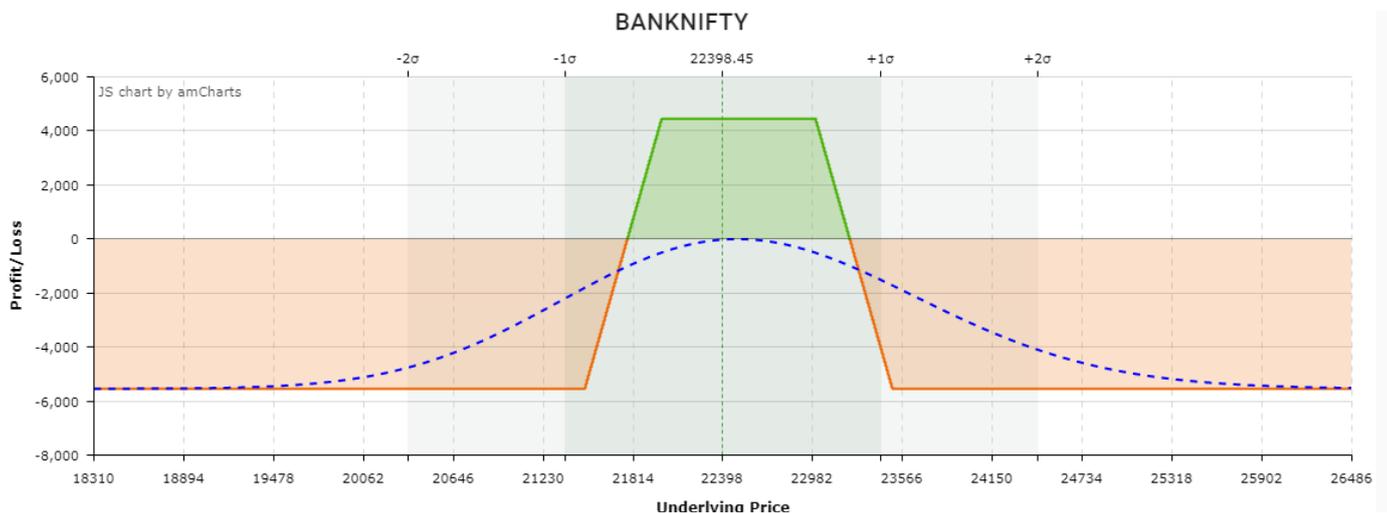
**Sell 1 Leg of 16 JUL 22000 PE @ 225**  
**Buy 1 Leg of 16 JUL 21500 PE @ 106**  
**Sell 1 Leg of 16 JUL 23000 CE @ 185**  
**Buy 1 Leg of 16 JUL 23500 CE @ 81**

**Trend :**  
BANKNIFTY seems to be in showing good momentum in short term but also has resistance around 23000 level.

**Max Profit :** INR 4450  
**Max Loss :** INR 5500  
**Breakeven :** 21778-23222

**Options Data :**  
16 th July weekly OI data suggest  
**Support at 22000 ( Max Put OI)**  
**Resistance at 23000 (Max Call OI)**

**Possible Adjustments :**  
If BankNifty sustains below 22000 one can rolldown call to 22500 CE and if BankNifty sustains above 23000 then once rollup puts to 22500 to get some additional credit



With the new margin requirements, the margin required for above trade is only around 30K.

So, the ROI is almost 15% on margin deployed but in case of a wild movement one could lose up to 5500 which is around 18% of margin deployed.

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

## DISCLAIMER

The views expressed in this newsletter are 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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