

October 3, 2017

Index: Bank Nifty

Strategy: Short Strangle

View: Range bound between 23,700-24,400.

Contract: 05th October, 2017

Sell 1 lot of 23700Pe at 45

Sell 1 lot of 24400Ce at 45

Spread: 90

Breakeven: lower breakeven: 23610

Upper breakeven: 24490

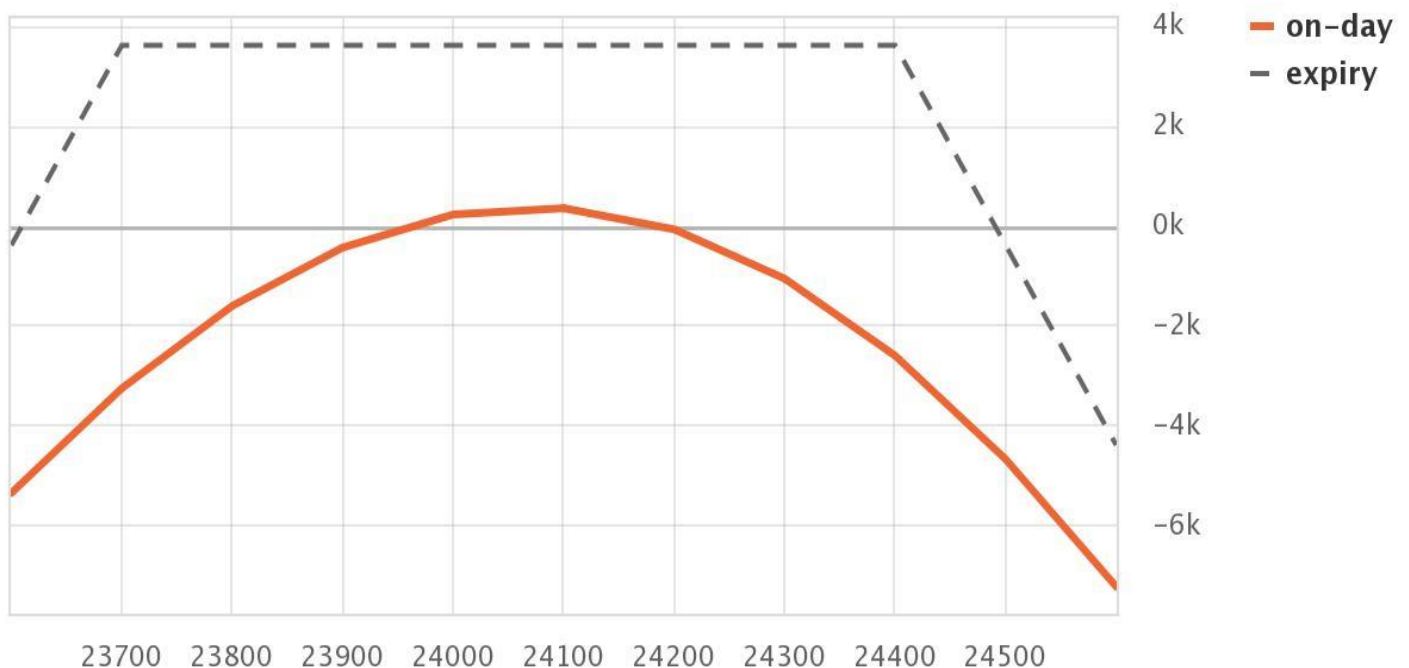
Maximum reward: 90(If Bank Nifty expires between 23,700-24,400)

Stop loss: Exit Position if Bank nifty breaches 23,700 on the downside or crosses 24,400 on the upside

Rationale:

- The Bank Nifty has witnessed highest amount of open interest change at 23800Pe and 23700Pe strike making a strong base on the downside.
- The Bank Nifty has recently formed a support near the 23,800 levels which coincides with the 100dma and likely to provide cushion in case of decline.
- The emergence of the bearish engulfing pattern formed recently would witness stiff resistance around the 24,400 which is likely to be the crucial hurdle on the upside.

BANKNIFTY->SHORT_STRANGLE



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