Bonanza

28 JULY 2026

Weekly Commodity Option strategy :

Natural Gas INSIGHTS

TECHNICAL ANALYSIS:-

- MCX Natural Gas has witnessed a sharp deterioration in its short-term technical structure after facing strong resistance near the 282–285 zone. The commodity had been consolidating within a defined range; however, the recent breakdown from this consolidation pattern indicates renewed selling pressure. The price has decisively moved below the lower boundary of the range, confirming a bearish breakout with increasing volumes, which suggests participation from sellers and strengthens the probability of further downside movement. From a moving average perspective, Natural Gas is currently trading below the key 20-day, 50-day, 100-day, and 200-day Exponential Moving Averages (EMA). The alignment of these moving averages above the current price indicates weakness across short- and medium-term trends. The failure to sustain above the EMA cluster highlights that previous recovery attempts lacked strength, and the broader price structure has turned unfavorable for bulls.

- The momentum indicators also support the bearish view. The Relative Strength Index (RSI) has declined toward the 34 level, reflecting weakening momentum and increased selling pressure. Although RSI is approaching oversold territory, it has not yet shown any significant reversal signal, indicating that downside momentum may continue in the near term. A sustained move below the 35–40 RSI zone could further confirm bearish sentiment.

- Additionally, the recent price action shows a formation of lower highs and lower lows on the daily chart, indicating that sellers remain in control. The sharp decline from the 282–285 resistance zone, coupled with rising red volume bars, suggests that supply has increased significantly at higher levels. On the downside, immediate support is placed near the 250 level, followed by the next major support zone around 240. A sustained break below 260 could open the possibility of further downside towards the lower support levels. On the upside, the 282–285 zone remains a crucial resistance area, and any recovery towards this zone may face renewed selling pressure.

OPTION STRATEGY

Bonanza

Natural Gas (24-AUG-26)

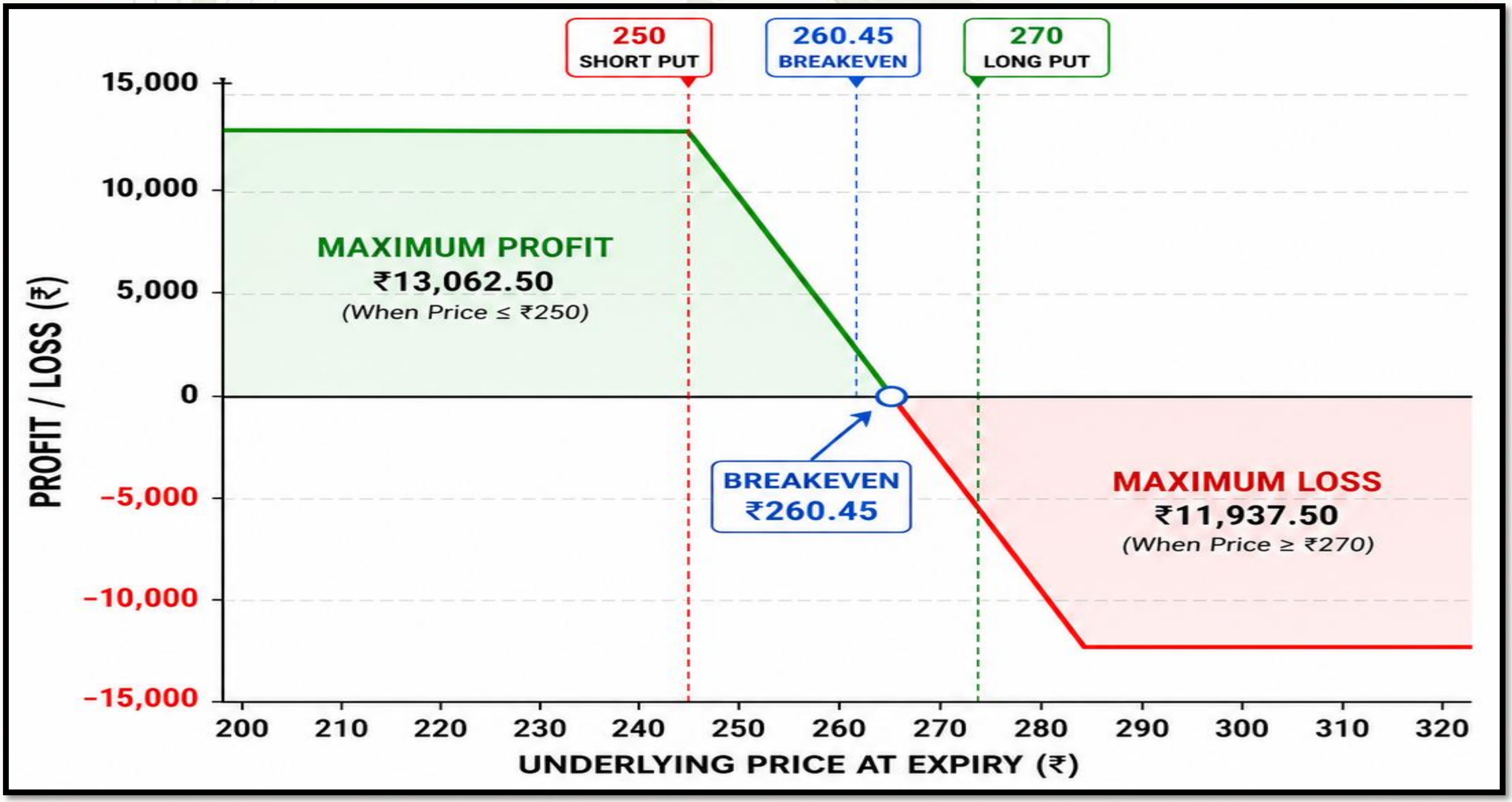
STRATEGY: Bear Put Spread

TRADE SETUP

- Natural Gas LONG 1 x 270 PE @ 16.45 – 16.85
- Natural Gas SELL 1 x 250 PE @ 6.90 – 7.10

CREDIT:- 9.55 Maximum Loss:- 11,937.50 Maximum Profit:- 13,062.50

PAYOFF CHART :-



Strategy View: Bearish

The derivatives data for Natural Gas reflects a predominantly sideways to bullish market sentiment.

❖ <u>Market Sentiment Indicators</u>

➢ Put–Call Ratio (PCR): 0.62

A Put–Call Ratio (PCR) of 0.62 for Natural Gas indicates a bearish market sentiment, as the ratio is below 1.0, suggesting that call activity is higher compared to put activity. This reflects increased call writing or lower put positioning, indicating that traders are expecting limited upside potential or anticipating weakness in Natural Gas prices. A lower PCR generally suggests cautious to negative sentiment, although confirmation from price action, open interest, and technical indicators is required before concluding the overall market direction.

➢ Implied Volatility (IV): 11.4%

An Implied Volatility (IV) reading of 11.4% for Natural Gas indicates very low expected volatility in the near term. This suggests that the options market is pricing in relatively smaller price movements and lower uncertainty ahead. A low IV environment generally reflects a calmer market condition with reduced expectations of sharp price swings. However, IV only measures the expected magnitude of movement and does not indicate whether the market direction will be bullish or bearish.

➢ Historical Volatility (HV): 44.6%

A Historical Volatility (HV) of 44.6% for Natural Gas indicates that the commodity has experienced moderate price fluctuations over the recent period. The current HV level suggests that while volatility remains present, the market is not experiencing extreme price instability.

❖ <u>Historical Volatility Range (Daily)</u>

➢ 2-Month High (HV): 73.62 %
➢ 2-Month Low (HV): 36.04 %

Comparing the current HV with its 2-month high of 73.65% and 2-month low of 36.04%, the current volatility is significantly below the recent peak but remains above the lower range, indicating that price swings have reduced from extreme levels but are still higher than the calmest period. Historical volatility reflects past price movement intensity and does not directly indicate bullish or bearish sentiment.

Open Interest Dynamics

- Change in Open Interest: 44.99

A 44.99% increase in Open Interest indicates that significant fresh positions are being added in Natural Gas options/futures. However, the sentiment depends on the price movement along with the OI change. If Natural Gas prices are rising along with increasing OI, it indicates Long Buildup, reflecting bullish sentiment as traders are creating fresh long positions. Conversely, if prices are declining with rising OI, it indicates Short Buildup, reflecting bearish sentiment. Considering the current PCR of 0.62, the increase in OI should be monitored carefully as it may indicate aggressive positioning from traders expecting limited upside or downside pressure depending on price action.

Key Option Levels

- Highest Put OI: 250 (Major Support Zone)
- Highest Call OI: 300 (Major Resistance Zone)

The highest Put Open Interest at 250 indicates a major support zone for Natural Gas, suggesting that option writers expect prices to hold above this level and that buying interest may emerge near this area. Meanwhile, the highest Call Open Interest at 300 represents a major resistance zone, indicating potential selling pressure as traders have built significant positions at this strike. The current option structure suggests that Natural Gas may remain within the 250–300 range unless a decisive breakout occurs. A move above 300 could trigger bullish momentum, while a break below 250 may indicate increasing bearish pressure.

DISCLAIMER

Nirpendra Yadav
Sr. Research Analyst

Vibhu Ratandhara
Sr. Research Analyst

Lalit Mahajan
Research Analyst

LALIT GANESH MAHAJAN

Digitally signed by LALIT GANESH MAHAJAN
DN: cn=LALIT GANESH MAHAJAN c=IN o=Personal ou=Personal
Reason: I am the author of this document
Location:
Date: 2026-07-28 10:52+05:30

Disclosure:

M/s. Bonanza Portfolio Ltd hereby declares that the views expressed in this report accurately reflect its viewpoint with respect to the subject companies/securities. M/s. Bonanza Portfolio Ltd has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations. The analysts engaged in the preparation of this report or their relatives: (a) do not have any financial interests in the subject company mentioned in this report; (b) do not own 1% or more of the equity securities of the subject company mentioned in the report as of the last day of the month preceding the publication of the research report; (c) do not have any material conflict of interest at the time of publication of the report. (d) have not received any compensation for products or services other than investment banking, merchant banking, or brokerage services from the subject company in the past twelve months; (e) have not received any compensation or other benefits from the subject company or any third party in connection with this report; (f) have not served as an officer, director, or employee of the subject company; (g) are not engaged in market-making activity for the subject company; (h) The Research Analyst may use AI enabled tools for preliminary research, data aggregation, and analytical assistance. Such tools are used only to support the research process and do not replace independent analysis, professional judgment, or regulatory responsibilities. All research reports and recommendations are reviewed and approved by the Research Analyst prior to publication. M/s. Bonanza Portfolio Ltd is a registered Research Analyst under the SEBI (Research Analyst) Regulations, 2014. The registration number is INH100001666, and the research analysts engaged in preparing reports are qualified as per the provisions of the regulations.

Disclaimer:

This research report has been published by M/s. Bonanza Portfolio Ltd and is meant solely for the use of the recipient and is not for circulation. This document is for information purposes only, and the information, opinions, and views are not meant to serve as a professional investment guide for the readers. Reasonable care has been taken to ensure that the information given is believed to be fair and correct at the time, and the opinions based there upon are reasonable. However, due to the nature of research, it cannot be warranted or represented that it is accurate or complete, and it should not be relied upon as such. If this report is inadvertently sent or has reached any individual, it may be ignored and brought to the attention of the sender. Preparation of this research report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Past performance is not a guide to future performance. This report has been prepared on the basis of publicly available information, internally developed data, and other sources believed by Bonanza Portfolio Ltd to be reliable. This report should not be taken as the only basis for any market transaction; however, this data represents one of the supporting documents among other market risk criteria. Market participants should be aware of the risks involved in using this information as the sole source for any market-related activity. “Investments in securities markets are subject to market risks. Read all the related documents carefully before investing.” “Registration granted by SEBI, membership of BSE, and certification from NISM in no way guarantee the performance of the intermediary or provide any assurance of returns to investors.” The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose custody this report comes should observe any such restrictions. The disclosures of interest statements included in this analysis are provided solely to improve transparency and should not be treated as an endorsement of the views expressed in the analysis. The price and value of the investments referred to in this report and the income from them may go down as well as up. Bonanza Portfolio Ltd or its directors, employees, affiliates, or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy, or reliability of such information, opinions, or views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates, or representatives of M/s. Bonanza Portfolio Ltd shall be liable. Research reports may differ between M/s. Bonanza Portfolio Ltd Research Analysts and other entities on account of differences in personal judgment and time horizons for which recommendations are made. The research entity has not been engaged in market-making activity for the subject company. The research analyst has not served as an officer, director, or employee of the subject company and has not received any compensation or benefits from the subject company or any third party in connection with this research report. Bonanza Portfolio Ltd. Bonanza House, Plot No. M-2, Cama Industrial Estate, Walbhat Road, Goregaon (E), Mumbai – 400063 Phone: 022- 68363794/708 Website: https://www.bonanzaonline.com SEBI Regn. No.: INZ000212137 BSE CM: INB 011110237 | BSE F&O: INF 011110237 | MSEI: INE 260637836 | CDSL: 120 33500 |NSDL: a) IN 301477 | b) IN 301688 (Delhi) | PMS: INP 000000985 | AMFI: ARN 0186 Compliance Officer: Trupti Milind Khot, 022-62735507, compliance@bonanzaonline.com