

DERIVATIVE STRATEGY | DAILY



27th October, 2010

Vinit Pagaria, ACA, FRM

E-mail: vpagaria@microsec.in

OUR REPORTS

Fundamental

Company Report
Sector Report
Theme Based Report

Daily & Weekly

Fundamental Market Update
Technical Market Update
Derivative Market Update

Fortnightly

Banking Sector Report
Currency Report

Monthly

India Strategy Report
IIP Report
Auto Sector Update
Cement Sector Update
Metal Sector Update
Telecom Sector Update
Insurance and Mutual Fund Report
Inflation Report
Exports-Imports Report

Quarterly

India and Global Strategy Report
India Economy Report

Others

Event Based Report
RBI Monetary Review Report
Annual Budget Review Report

ANALYSIS OF FUTURES & OPTIONS MARKET

Nifty (6082.00)

OCTOBER FUTURE

Price: 6108.25 (+.46%)

Premium: 26.25

Open Int: 20914000 (-6%)

NOVEMBER FUTURE

Price: 6137.05 (-0.41%)

Premium: 55.05

Open Int: 12426100 (+47%)

NIFTY DAILY CHART



Trading Calls

◆ Long Lanco Infratech Future

Buy Nov Future @ Rs 68.50 Target: Rs 73/-
SL: Rs 65/- Lot Size: 4000

◆ Long JP Associates Call option

Buy Oct 180 Call option @ Rs 4/- Target: Rs 8/-
Lot Size: 2000

HIGHLIGHTS

- ⇒ Nifty remained extremely range bound during the day between 6075 and 6115 throughout the day. It is likely to remain in the broader range of 5960 and 6200 in the short term
- ⇒ Nifty Call options of strike 6000 shed open interest by 21696 lots while Put options of strike 6200 had a build up of 14873 lots
- ⇒ Nifty Put Call ratio rose marginally to 1.23 with the total open interest in Call options at 1,587,169 lots and that in Put options at 1,949,803 lots
- ⇒ Godrej Industries, Maruti Suzuki, Reliance Infrastructure, Indian Hotel, Mcdowell, DCHL, FSL, JP Associates, JSW Steel, Lanco Infratech and Praj Industries appear strong while IOC, IFCI, J&K Bank, Lupin Ltd, Ranbaxy Laboratories and MRPL might remain weak
- ⇒ Volatility Index fell by 3.79% from 21.36 to 20.55

**NIFTY
PIVOT POINTS**

| S2 | S1 | PIVOT | R1 | R2 |
|------|------|-------|------|------|
| 6047 | 6064 | 6092 | 6110 | 6138 |

OPTION STRATEGY

Scrip/Index: **JAIPRAKASH ASSOCIATES**

Strategy: Long Call option

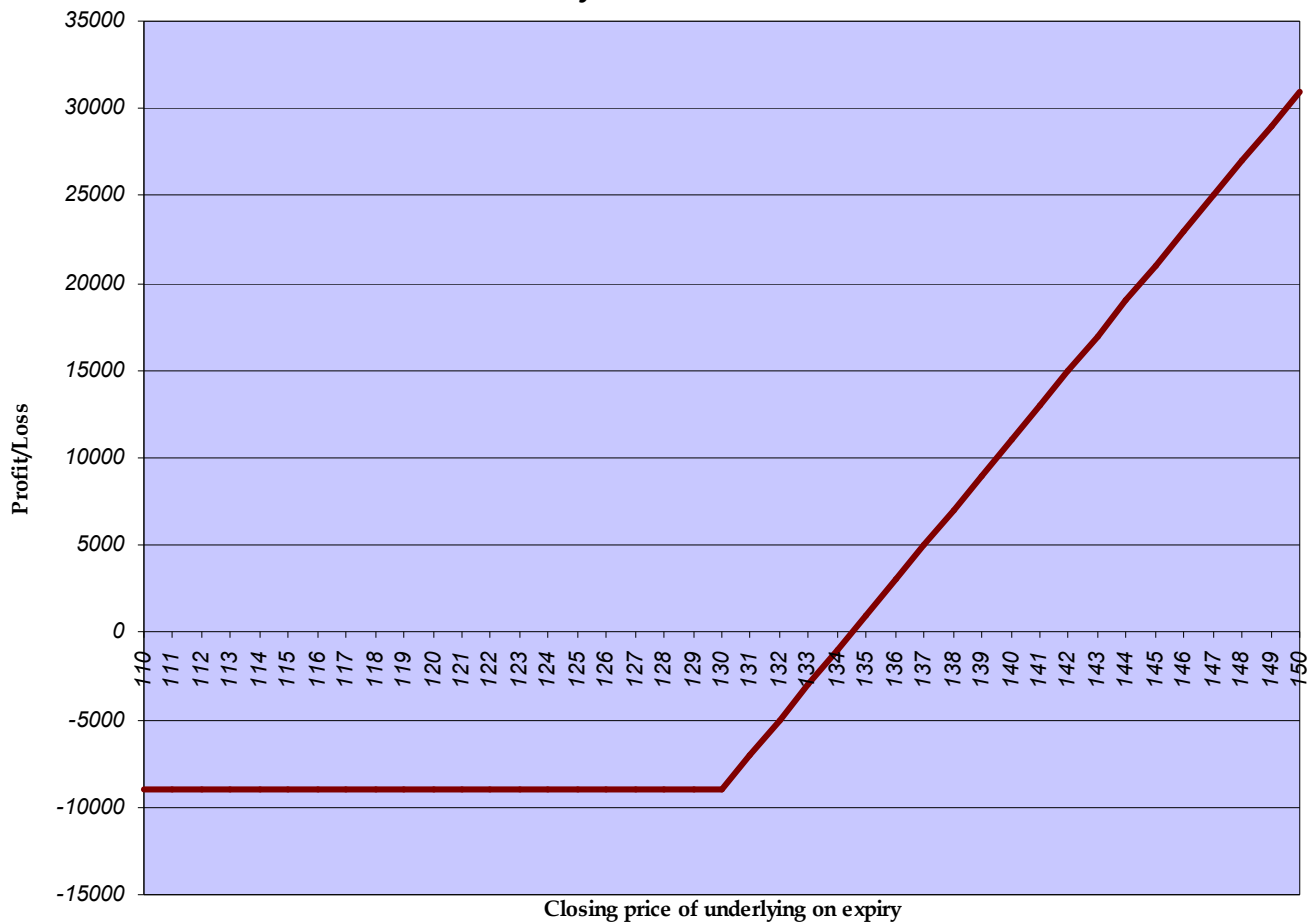
Current Price of Underlying: Rs 127.05 Lot Size: 2000

Buy Nov 130 Call option @ Rs 4.50

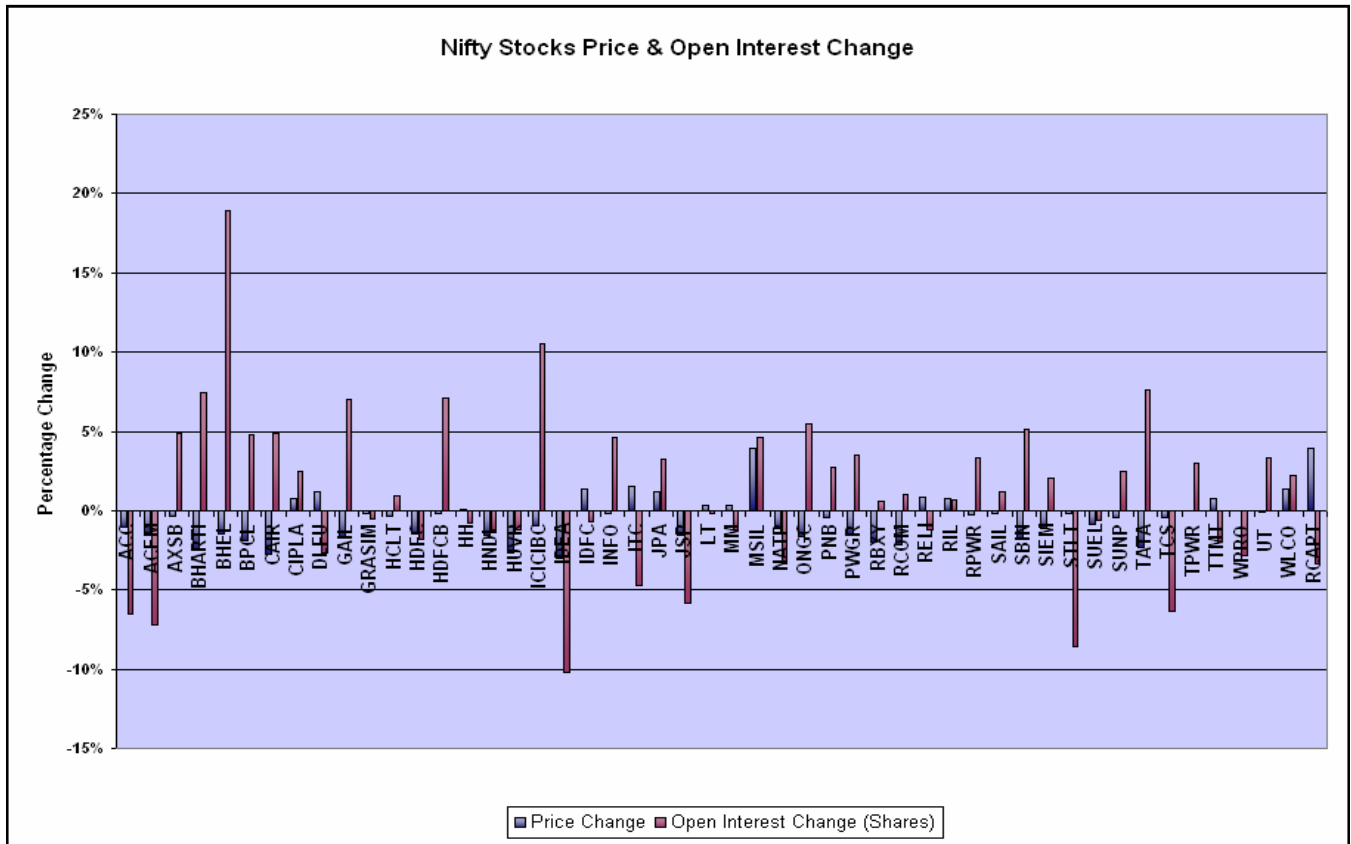
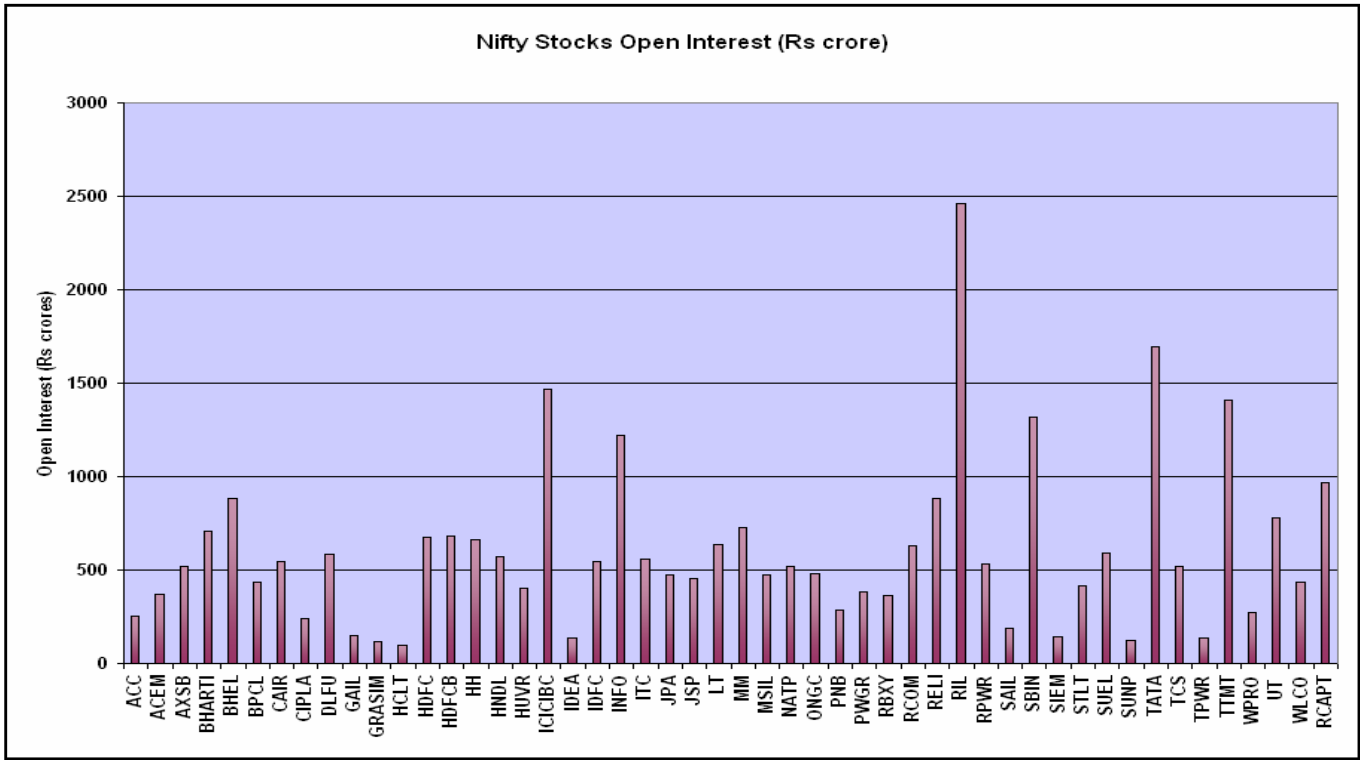
Profitable when closing price is above Rs 134.50 on expiry

Maximum Potential Profit: Unlimited Maximum Possible Loss: Rs 9,000/-

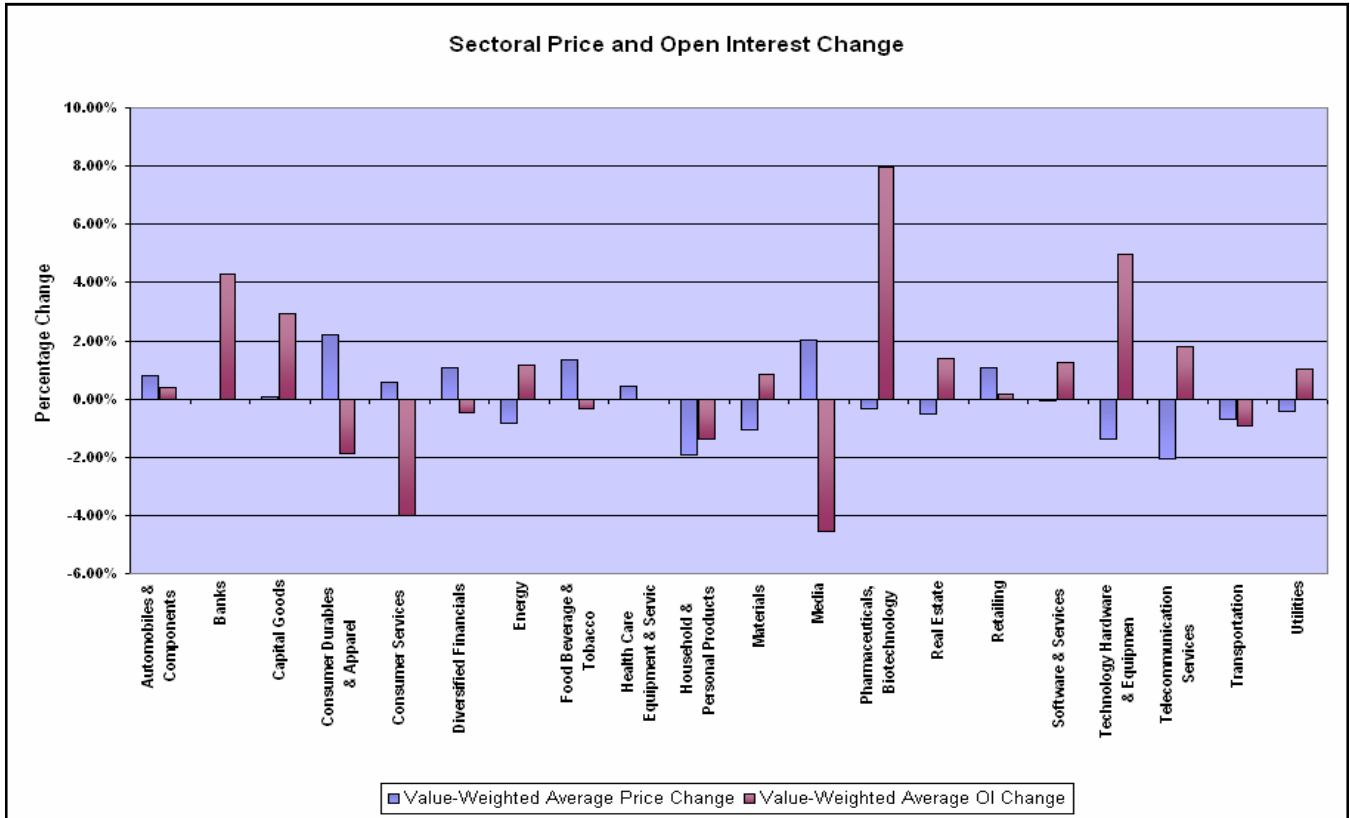
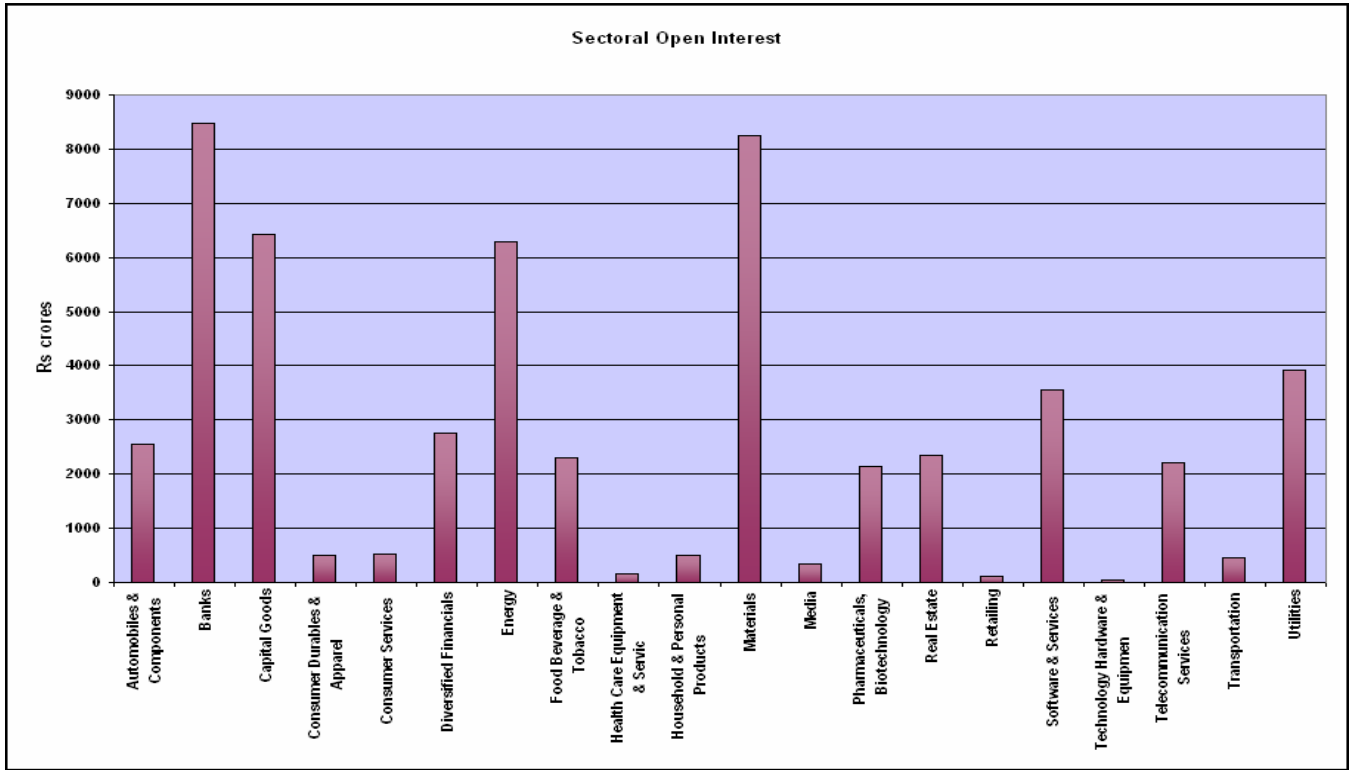
Time to Expiry: 30 days

Pay-off Chart

STOCK FUTURES - NIFTY STOCKS



STOCK FUTURES - SECTORAL ANALYSIS



TOP PRICE GAINERS (STOCKS)

| Scrip | Lot Size | Spot price | % Change |
|-------------------|----------|------------|----------|
| Dena Bank | 4000 | 137.75 | 8.76 |
| Titan Industries | 125 | 3491.05 | 6.11 |
| DCHL | 2000 | 135.65 | 5.28 |
| Ashok Leyland | 4000 | 78.35 | 4.40 |
| Godrej Industries | 2000 | 228.95 | 4.23 |

TOP PRICE LOSERS (STOCKS)

| Scrip | Lot Size | Spot Price | % Change |
|---------------------|----------|------------|----------|
| United Phosphorus | 2000 | 200.80 | (7.53) |
| Onmobile Global | 1000 | 352.25 | (3.91) |
| Petronet LNG | 4000 | 117.65 | (3.33) |
| Idea Cellular | 4000 | 69.45 | (3.00) |
| Indiabulls Real Est | 2000 | 204.60 | (2.99) |

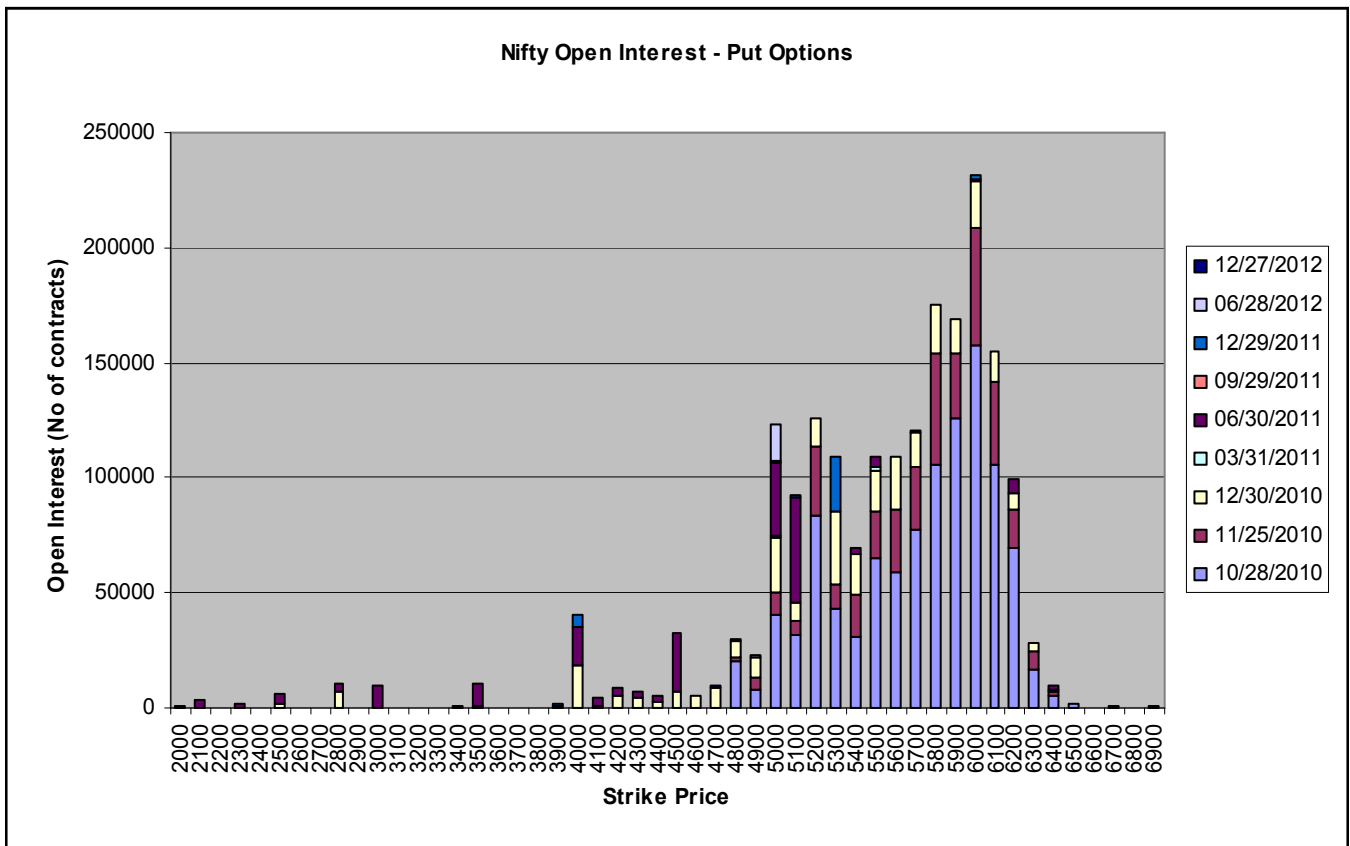
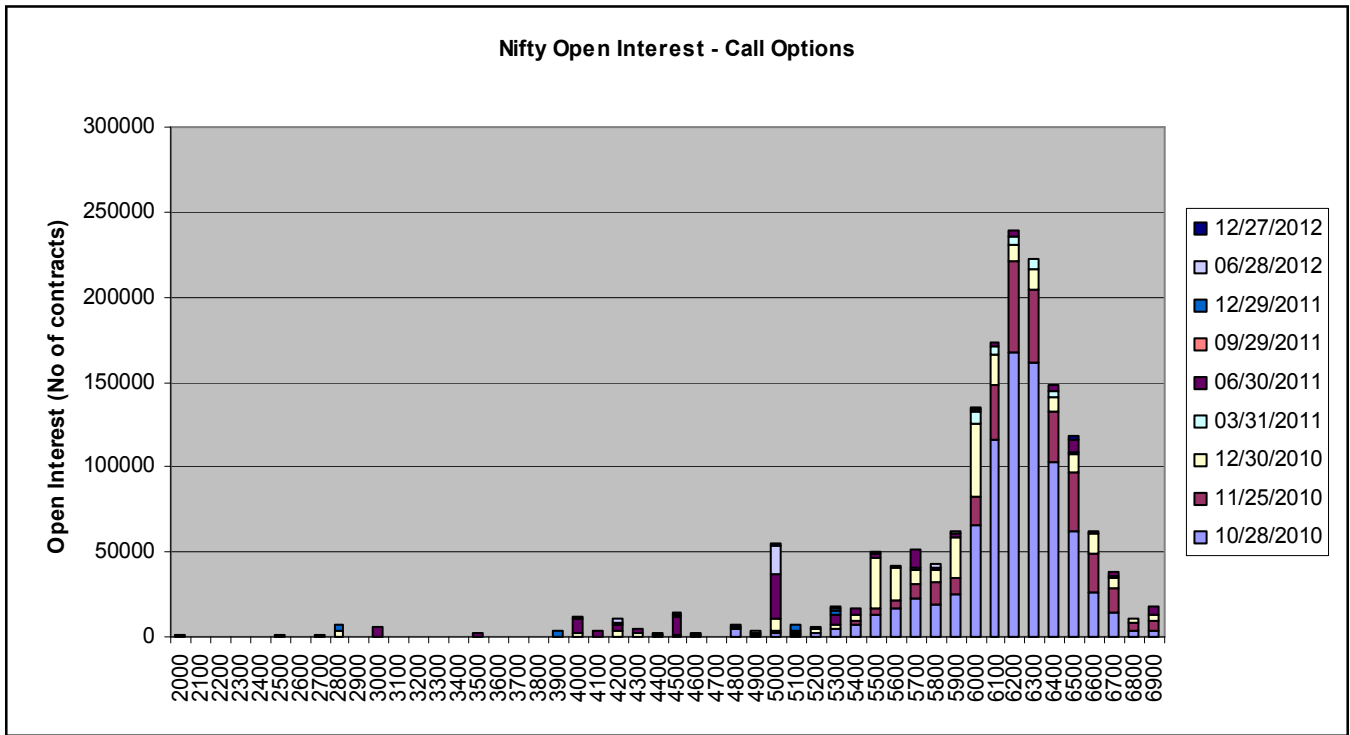
SIGNIFICANT OPEN INTEREST ADDITIONS (STOCKS)

| Contract | Price | % Change | Volume Spot | % Change | Open Interest | Absolute Change | % Change |
|---------------------|---------|----------|-------------|----------|---------------|-----------------|----------|
| Orchid Chemicals | 340.45 | 2.73 | 9568905 | 47.32 | 10438000 | 3352000 | 47.30 |
| Dena Bank | 137.75 | 8.76 | 21732384 | 636.54 | 16656000 | 3052000 | 22.43 |
| Tech Mahindra | 786.35 | 2.84 | 876111 | 794.33 | 1723000 | 284250 | 19.76 |
| BHEL | 2489.40 | (1.47) | 376620 | 60.79 | 3551125 | 565000 | 18.92 |
| Kotak Mahindra Bank | 492.10 | (1.98) | 1162164 | 61.42 | 4174000 | 559000 | 15.46 |
| Triveni Engineering | 122.40 | 3.99 | 2039533 | 304.38 | 5752000 | 634000 | 12.39 |

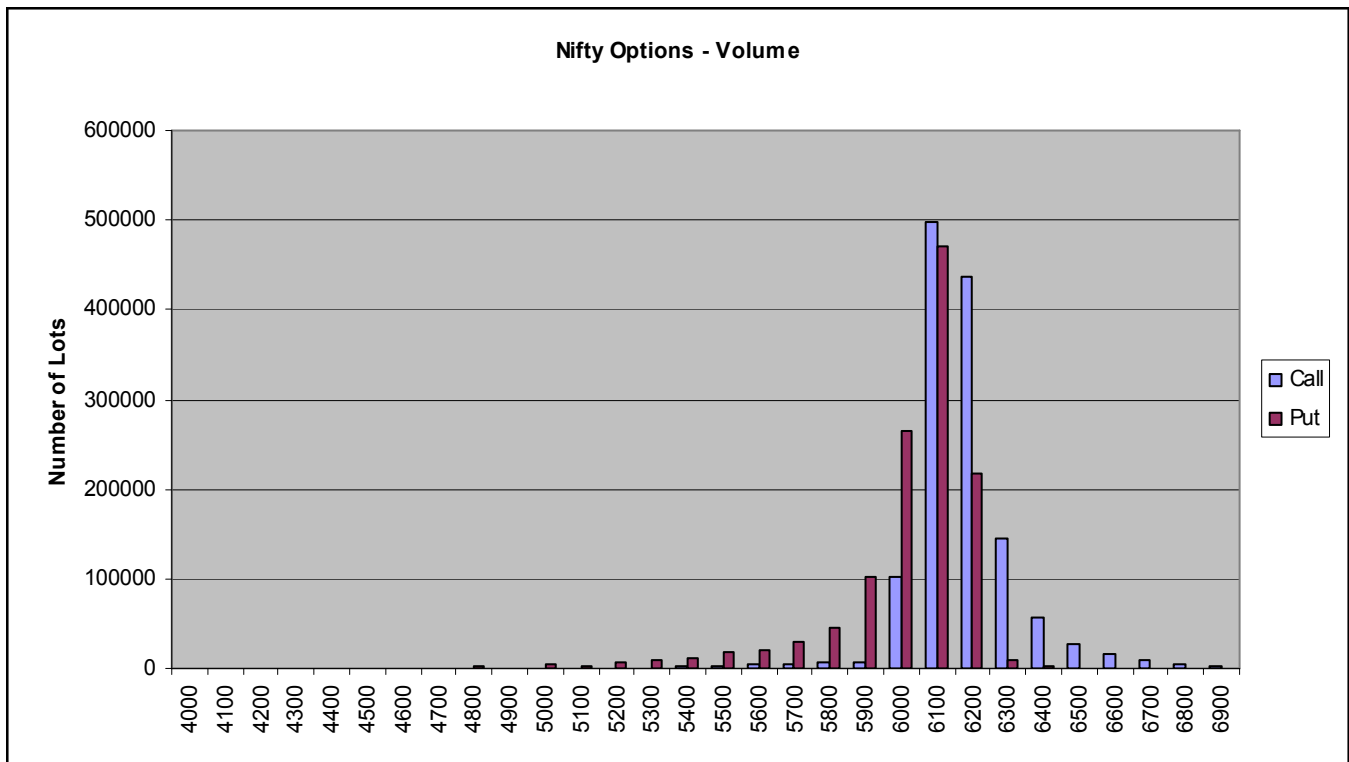
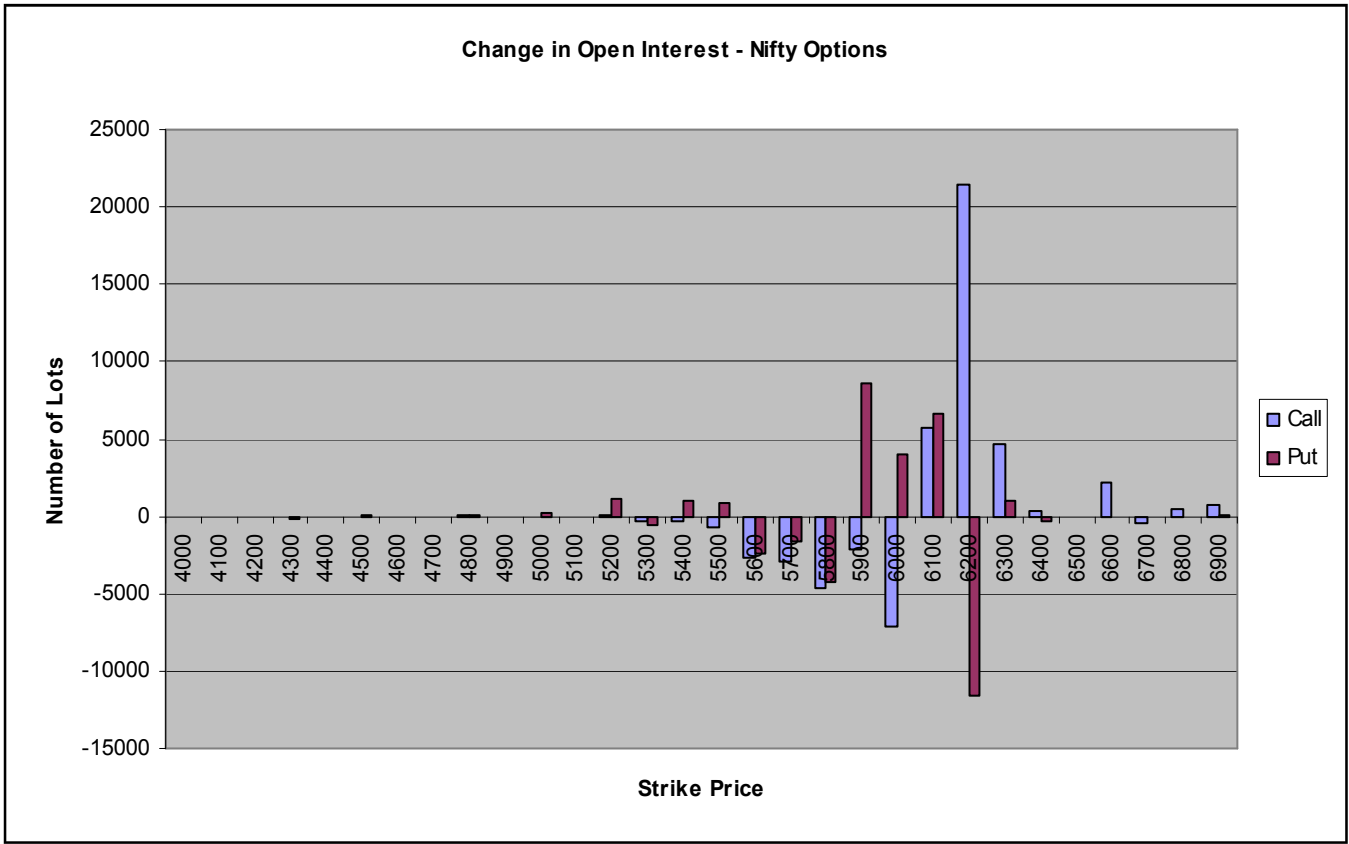
SIGNIFICANT OPEN INTEREST REDUCTIONS (STOCKS)

| Contract | Price | % Change | Volume Spot | % Change | Open Interest | Absolute Change | % Change |
|----------------|---------|----------|-------------|----------|---------------|-----------------|----------|
| Dish TV | 59.25 | 3.40 | 9553008 | 238.55 | 15032000 | (5280000) | (25.99) |
| ICSA India | 132.00 | 1.11 | 1082818 | 87.10 | 3818000 | (888000) | (18.87) |
| Hindustan Zinc | 1255.40 | (0.56) | 78329 | (33.25) | 278750 | (34000) | (10.87) |
| Idea Cellular | 69.45 | (3.00) | 4746727 | 50.04 | 19724000 | (2248000) | (10.23) |
| Rolta India | 172.40 | 2.22 | 1121391 | 6.37 | 6038000 | (610000) | (9.18) |

OPTIONS OPEN INTEREST CONCENTRATION



OPTIONS ANALYSIS



MOST ACTIVE FUTURE CONTRACTS

| Name | Expiry Date | Number of Contracts | Price | Open Interest | Value of Underlying |
|--------------------|-------------|---------------------|---------|---------------|---------------------|
| NIFTY FUTURE | 28 OCT 10 | 425833 | 6108.10 | 25642850 | 6081.45 |
| DENA BANK FUTURE | 28 OCT 10 | 24046 | 138.40 | 11288000 | 137.80 |
| TATA STEEL FUTURE | 28 OCT 10 | 35739 | 609.30 | 18011000 | 605.95 |
| TATA MOTORS FUTURE | 28 OCT 10 | 16015 | 1196.00 | 6216500 | 1191.60 |
| RELCAPITAL FUTURE | 28 OCT 10 | 21138 | 856.70 | 6200000 | 855.35 |
| RELIANCE FUTURE | 28 OCT 10 | 28746 | 1103.00 | 14240500 | 1098.15 |

MOST ACTIVE NIFTY OPTION CONTRACTS

| Contract | Price (Premium) | Volume (No. of Lots) | Open Interest | Delta | Gamma | Theta | Vega |
|-------------|-----------------|----------------------|---------------|----------|--------|--------|--------|
| OCT CE 6100 | 37.50 | 479653 | 5940200 | 0.5451 | 0.0048 | 8.0379 | 1.9971 |
| OCT PE 6100 | 27.10 | 435912 | 5658700 | (0.4523) | 0.0051 | 6.4581 | 1.9957 |
| OCT CE 6200 | 6.60 | 399251 | 8443500 | 0.1513 | 0.0027 | 4.0830 | 1.2163 |
| OCT PE 6000 | 5.25 | 220991 | 8219400 | (0.1177) | 0.0021 | 3.3579 | 1.0300 |
| OCT PE 6200 | 95.00 | 208278 | 3768600 | (0.8934) | 0.0025 | 1.3485 | 0.9748 |
| OCT CE 6300 | 0.90 | 110697 | 8061800 | 0.0271 | 0.0006 | 0.8548 | 0.3453 |

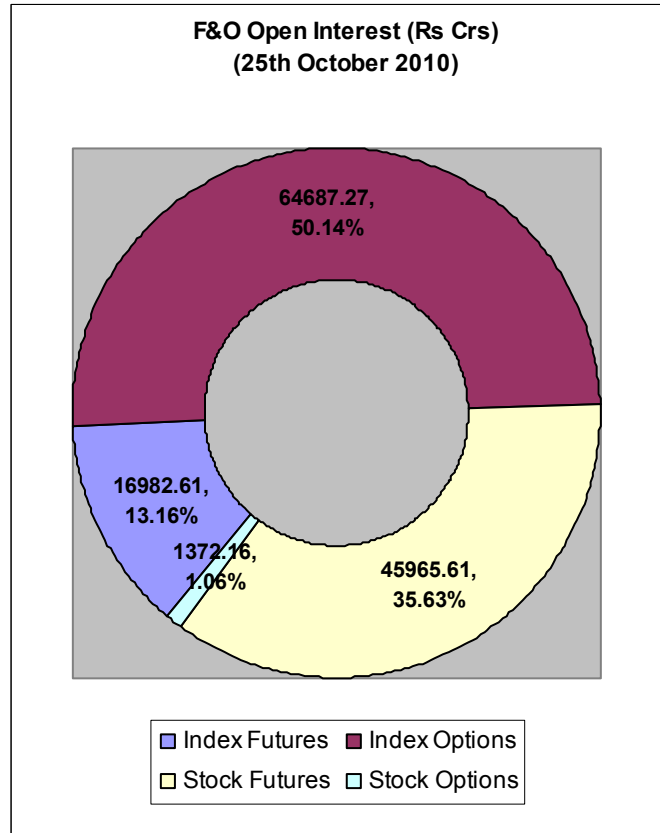
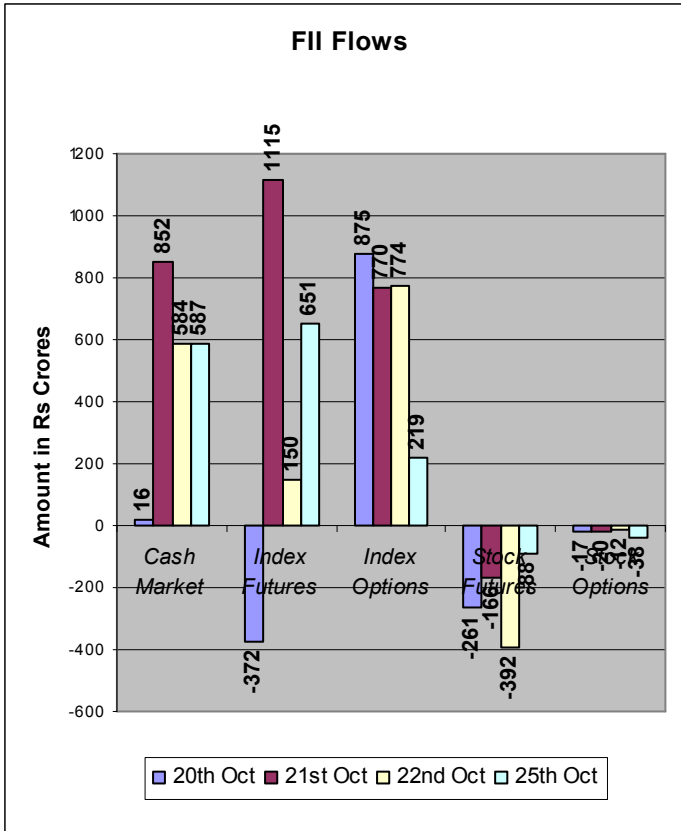
MOST ACTIVE STOCK CALLS (VALUE)

| Name & Month | Strike | No. of contracts | Price |
|-----------------|--------|------------------|-------|
| Reliance Oct | 1100 | 7756 | 11.80 |
| Tata Motors Oct | 100 | 3070 | 11.90 |
| Unitech Oct | 90 | 3758 | 1.10 |
| Tata Steel Oct | 620 | 4020 | 3.05 |
| Tata Steel Oct | 640 | 3499 | 0.80 |

MOST ACTIVE STOCK PUTS (VALUE)

| Name & Month | Strike | No. of contracts | Price |
|-----------------|--------|------------------|-------|
| Tata Steel Oct | 600 | 2264 | 3.00 |
| Tata Steel Oct | 620 | 1971 | 13.35 |
| Tata Motors Oct | 1180 | 832 | 7.25 |
| SBIN Oct | 3200 | 1088 | 36.15 |
| Unitech Oct | 90 | 1129 | 1.00 |

FII ACTIVITY



* Source: www.nseindia.com (FII trades done on Exchanges)

FOR PRIVATE CIRCULATION ONLY

Disclaimer

The trading ideas discussed or recommended in this report may not be suitable for all investors. Investors should use this research as one input into formulating an investment opinion. Additional inputs should include, but are not limited to, the review of other. This is not an offer (or solicitation of an offer) to buy/sell the securities/instruments mentioned or an official confirmation. Microsec Capital Limited is not responsible for any error or inaccuracy or for any losses suffered on account of information contained in this report. This report does not purport to be offer for purchase and sale of share/ units. We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation discussed herein or act as advisor or lender or borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions. The same persons may have acted upon the information contained here. No part of this material may be duplicated in any form and/or redistributed without Microsec Capital Limited' prior written consent.