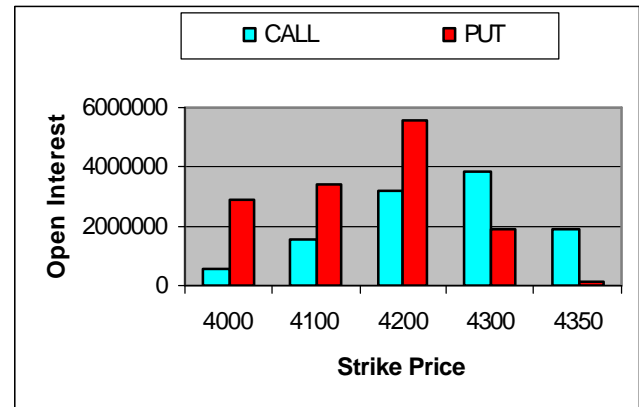


09th June, 2007

Indices' Snapshot

	Previous week	This week	Change	%Chg
Nifty	4297.05	4145.00	-152.05	-3.54
Sensex	14570.75	14063.81	-506.94	-3.48
Bank Nifty	6404.80	6177.70	-227.10	-3.55
CNX IT	5269.95	5338.45	68.50	1.30
Futures LTP (June)				
Nifty	4285.30	4124.00	-161.30	-3.76
Bank Nifty	6395.00	6169.00	-226.00	-3.53
CNX IT	5290.00	5334.00	44.00	0.83
Open Interest (OI)				
Nifty	29866000	36549150	+6683150	+22.38
Bank Nifty	182650	164650	-18000	-9.85
CNX IT	153250	+148100	-5150	-3.36
Cost of Carry (% annualized)				
Nifty	-3.54	-13.35	-9.81	
Bank Nifty	-2.00	-2.75	-0.75	
CNX IT	+6.39	-0.38	-6.77	

Nifty Options OI Distribution



Nifty Put Call Ratio (OI)

	Last Week	This Week	Change	% Change
Call OI	8475600	13777750	+5302150	+62.56
Put OI	13807900	18058850	+4250950	+30.79
PCR	1.63	1.31	-0.32	

FII's Weekly Derivative Statistics 07.06.07

	Buy		Sell		Open Interest as on 07.06.07		Open Interest as on 31.05.07		Change in FIIs Open Interest (W-o-W)	
	No. of Contr.	Amt in Crs.	No. of Contr.	Amt in Crs.	No. of Contr.	Amt in Crs.	No. of Contr.	Amt in Crs.	No. of Contr.	Amt in Crs.
Index Futures	189767	4029.79	338716	7147.87	709716	14774.71	608001	13011.00	101715	1763.71
Index Options	88454	1854.24	34729	733.67	289459	6048.97	201238	4322.39	88221	1726.58
Stock Futures	75933	2137.37	85118	2341.60	671978	18449.49	624799	17380.17	47179	1069.32
Stock Options	68	1.72	626	16.10	1397	34.47	711	18.02	686	16.45
TOTAL						39307.64		34731.59		4576.05

Source: NSE

Market Activity

Nifty corrected sharply during the week and has closed with a loss of 152 points on a week over week basis. The discount in Nifty also widened to nearly 20-25 points against nearly 10 points during the previous week. Major gainers during the week, in terms of price, were FT, Hindalco, Punj Lloyd, Auro Pharma, Peninsula Land, Aban, Dena Bank, Praj Ind, I-flex, GTL, Suzlon etc. Major losers were Ansal Infra, TataMotors, Hinduja TMT, TataTea, BirlaJute, Escorts, Titan, HPCL, ACC, Unitech, SAIL, OBC, Maruti, Sobha, Bata, PFC, TataSteel etc. FIIs remained heavy sellers in Index Futures and have added over 1 lakh contracts in OI indicating huge build up of short positions. They, however, remained net buyers in index options to the tune of 53725 contracts and have added 88221 contracts in OI indicating long as well as short positions with a bias towards long positions. In stock options, they remained net sellers but have added nearly 47179 contracts in OI indicating both long as well as short positions with a slight bias towards short positions.

Market Outlook

Nifty lost nearly 3.5% during the week and has closed well below our mentioned support levels near 4200. We have witnessed huge build up of short positions as OI has increased by 66.8 lakh shares (22.3%) with discount widening to 20-25 points. The implied volatility of Nifty increased from 20-22% to nearly 25-26% on Friday. Therefore, we may see further downside in Nifty and the markets may remain volatile in the coming days and thus we advise caution at current levels.

Open Interest (OI) Analysis

BULLISH: Relta (45%), Sterlite Optical (39%), Dena Bank (30%).

BEARISH: Tata Motors (65%), ITC (48%), Maruti (32%), HLL (30%), Bharti (22%).

Long build up was seen in abovementioned bullish stocks as OI has increased with upside move in stock price and positive CoC and thus we may see upside move in these stocks. The abovementioned bearish stocks added remarkable OI with significant downside move in stock price during the week and thus are looking weak and therefore we may see a further downside move in these stocks. OI in **Canara Bank** has increased by 37% with improving CoC indicating that players may be taking interest in the stock at current levels.

Put-Call Ratio (PCR) Analysis

- Nifty PCR (OI) corrected sharply to 1.31 from 1.63 last week due to huge OI addition in Call options.
- Nifty Call options added 53 lakh shares (+62.5%) & Put options added 42.5 lakh shares (30.8%) in OI on w-o-w basis.
- Nifty 4100 Put options added 14.25 lakh shares in OI during the week and now it holds 34.3 lakh shares in OI representing 19% of total put options OI. This indicates that support is developing near 4100 levels.
- However, 4200 levels were expected to be strong support levels, but Nifty has closed well below those levels and therefore one shall be cautious at current levels as further downside is quite possible.
- Nifty 4200 Call options added 13.9 lakh shares and 4300 Call added 11.9 lakh shares in OI.
- Now, 4200 levels shall act as resistance level in the coming days. Nifty 4200 Call option holds 38.8 lakh shares in OI representing 28% of total Call OI.

Cost of Carry (CoC)

Turned Positive: HPCL, Punj Lloyd.

Turned Negative: HLL, IVRCL, Jindal Stainless, JSW Steel, Siemens.

Derivative Strategy - I

Scrip: TCS		Spot Price: 1220.10		Mkt Lot : 250		Expiry Date (F & O): 28th JUNE 2007		
View: Bullish				Strategy: Buy Call Option			Expected Payoff	
Buy/Sell	Oty.	Scrip	Strike Price	Series	Option Type	Mkt Price (Rs.)	Closing Price	Expected Profit/Loss (Rs)
BUY	250	TCS	1230	JUNE	CA	28.00		
<p>Maximum Risk: Limited to Rs.28.00 (Rs.7,000.00 per contract) If TCS closes at 1230 or below on expiry of June series.</p> <p>Maximum Profit: Unlimited</p> <p>Expected Profit: Rs. 28.00 (Rs.7000.00 per contract) at expected target price of 1267.</p> <p>Break Even Point : Rs.1258.00</p>							1230 or below	(28.00)
							1240	(18.00)
							1250	(8.00)
							1260	2.00
							1270	12.00
							1280	22.00
							1290	32.00

Derivative Strategy - II

Scrip: DENA BANK		Spot Price: 47.65		Mkt Lot : 5250		Expiry Date (F & O): 28th JUNE 2007		
View: Bullish				Strategy: Buy Call Option			Expected Payoff	
Buy/Sell	Qty.	Scrip	Strike Price	Series	Option Type	Mkt Price (Rs.)	Closing Price	Expected Profit/Loss (Rs)
BUY	5250	DENA BANK	47.50	JUNE	CA	2.70		
<p>Maximum Risk: Limited to Rs. 2.70 (Rs.14,175.00 per contract) If DENA BANK closes at 47.50 or below on expiry of June series.</p> <p>Maximum Profit: Unlimited</p> <p>Expected Profit: Rs. 4.50 (Rs.23,625.00 per contract) at expected target price of 54.</p> <p>Break Even Point : Rs.50.20</p>							47.50 or below	(2.70)
							50.00	(0.20)
							52.50	2.30
							55.00	4.30
							57.50	6.30

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