

7th July, 2007

Indices' Snapshot

	Previous week	This week	Change	%Chg
Nifty	4318.30	4384.85	66.55	1.54
Sensex	14650.51	14964.12	313.61	2.14
Bank Nifty	6740.10	6791.25	51.15	0.76
CNX100	4248.75	4306.65	57.90	1.36
CNX IT	5192.30	5239.85	47.55	0.92
Junior	8699.05	8729.50	30.45	0.35

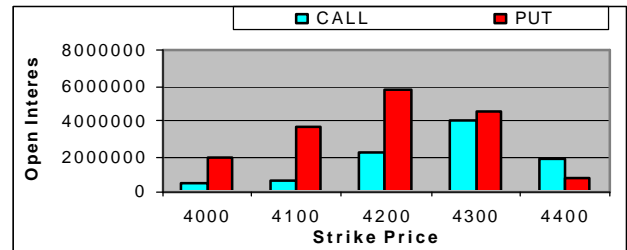
Futures LTP (July)

Nifty	4290.50	4374.00	83.50	1.95
Bank Nifty	6785.00	6829.00	44.00	0.65
CNX100	4230.00	4304.00	74.00	1.75
CNX IT	5205.10	5240.00	34.90	0.67
Junior	8727.95	8740.00	12.05	0.14

Cost of Carry (% annualized)

Nifty	-9.37	-4.56	+4.81
Bank Nifty	+9.11	+13.86	+4.75
CNX100	-6.52	-0.62	+5.90
CNX IT	+2.59	+1.93	-0.66
Junior	+3.97	+2.95	-1.02

Nifty Options OI Distribution



Nifty Put Call Ratio (OI)

	Last Week	This Week	Change	% Change
Nifty Put Call Ratio (OI)				
Call OI	9464200	13903450	+4439250	+46.91
Put OI	15183050	21143550	+5960500	+39.26
PCR	1.60	1.52	-0.08	

Open Interest (No. of Shares)

Nifty	34106850	35133050	+1026200	+3.01
Bank Nifty	286100	273850	-12250	-4.28
CNX100	17200	16950	-250	-1.45
CNXIT	86500	+118550	+32050	+37.05
Junior	162350	173950	+11600	7.15

FII's Weekly Derivative Statistics 05.07.07

	Buy		Sell		Open Interest as on 05.07.07		Open Interest as on 28.06.07		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	237780	5156.23	151011	3264.60	651973	14223.67	676498	14412.01	-24525	-188.34
Index Options	125147	2662.51	25806	545.74	372760	8114.89	241389	5168.14	131371	2946.75
Stock Futures	75912	2352.17	110356	3203.23	773539	23102.16	686149	19968.69	87390	3133.46
Stock Options	590	14.82	1143	31.36	2890	77.39	1211	31.75	1679	45.64
TOTAL						45518.11		39580.59		5937.52

Source: NSE

Market Activity

Nifty has closed at all time high of 4384 for the week with a gain of 66 points. Major gainers were Ansal Infra, ACC, BEML, Indian Bank, JP Associates, M&M, Voltas, IVRCL etc. Major losers were HTMT Global, McDowell, Auro Pharma, IDFC, GE Shipping etc. FIIs remained net buyers in Index futures to the tune of 86769 contracts but have shed just 24525 contracts in OI which indicates short covering activity as well as formation of long positions. They remained heavy buyers in Index options and have added 1.3 lakh contracts in OI. However in Stock futures they remained net sellers by 34444 contracts and have added 87390 contracts in OI indicating formation of both long as well as short positions with a bias towards short positions.

Market Outlook

We continue to maintain our positive view on Nifty for the coming days. It closed at all time high on Friday after it took support close to our expected levels of 4300 and bounced back sharply. The Nifty PCR (OI) at 1.52x levels and Implied Volatility at 19-21% levels are at comfortable levels. Also, we witnessed continuous short covering at lower levels on all corrections during the week indicating that players expect the overall trend to remain positive. We expect support for immediate term close to 4300 levels and strong support at 4200 levels on Nifty.

Open Interest (OI) Analysis

BULLISH: Crompton Greaves (104%), BEML (61%), AIA Engg (33%), Voltas (32%), ACC (29%), Zee (24%), JP Hydro (18%), Cairn (16%), Polaris (16%).

Long build up was seen in abovementioned bullish stocks as OI has increased with strength in stock price and improving CoC and thus we are bullish on these stocks.

Put-Call Ratio (PCR) Analysis

- Nifty PCR (OI) moved down to 1.52 from 1.60 last week.
- Nifty Call options added 44.4 lakh shares (+46.9%) & Put options added 59.6 lakh shares (+39.2%) in OI on w-o-w basis.
- Nifty 4200 levels are expected to offer strong support to the markets in case of any downside as 4200 Put options hold 57.4 lakh shares in OI representing 27.1% of total Put OI. 8.7 lakh shares were added in Nifty 4200 Put during the week.
- Support for immediate term is expected close to 4300 levels as Nifty 4300 Put options added 21.5 lakh shares during the week and now it holds nearly 45.2 lakh shares in OI representing 21.4% of total Put OI. Nifty took support at 4311 levels on Thursday when it corrected sharply.
- Nifty 4400 Call options added 18.8 lakh shares in OI during the week.

Cost of Carry (CoC)

Turned Positive: Guj Ambuja, HDFC, IDEA, JSW Steel, Sterlite, Titan.

Turned Negative: Maruti, Rolta.

Derivative Strategy

Scrip: : POLARIS		Spot Price: 154.35		Mkt Lot : 1400		Expiry Date (F & O): 26 ^h JULY 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	1400	POLARIS	160	JULY	CA	6.00		
Maximum Risk: Limited to Rs.6.00 (Rs. 8,400.00 per contract) If POLARIS closes at 160.00 or below on expiry of July series. Maximum Profit: Unlimited Expected Profit: Rs.12.00 (Rs.16800.00) at expected target price of 175.00 Break Even Point : 166.00							160 or below	(6.00)
							165	(1.00)
							170	4.00
							175	9.00
							180	14.00

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Analyst's holding in the stocks mentioned in the report: **NIL**

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