



# daring derivatives



February 27, 2007

## Derivatives Summary

- The Nifty (March) futures traded at a premium of 11.95 points as against a discount of 5.2 points seen in the previous session and the futures added around 25.35 lakh shares in the open interest.
- The total open interest in the market is very close to Rs46,400 crore and there was an addition of Rs2,304 crore in the open interest during the day.
- The Nifty stocks added 13 lakh shares in the open interest.
- J&K Bank (36%), CESC (29%), UBI (17%), UltraTech Cement (13%) & HCL Tech (12%) were the top open interest gainers in the market.
- IVRCL Infra (-14%), Bajaj Hind (-12%), Crompton Greaves (-12%) & Patni (-6%) were the top open interest losers in the market.
- The stocks with a positive bias are Sterlite and Reliance Capital.

## Market View

The market opened on a positive note and hovered around its previous close in the first half of the trading session and witnessed huge volatility in the second half of the session. In the afternoon the Nifty took a hard hit and slipped deep into negative territory to touch an intra-day low of 3956. It witnessed a strong bounce back in late trades and finally settled at 3942 with marginal gains of three points for the day. The volumes in the Nifty futures continued to be on the higher side of the average volumes indicating that volatile moves are likely to continue before the budget. There was an addition of around 25.35 lakh shares in the open interest towards the long side. On the options front the implied volatility of both the calls and puts decreased significantly indicating a positive bias for the market. We have also witnessed closure of long positions in the puts (in the money puts) while the calls witnessed addition towards the writing side, indicating that buying should emerge at lower levels. The market is likely to open on a positive note probably with a positive gap and is likely to show some healthy gains. The key support level for the Nifty is 3900 and there will be resistances around 4010 and 4050.

NIFTY SNAPSHOT			
	Current	Previous	% Change
Nifty (Mar)	3969	3933.75	0.90%
Nifty CoC	4.96%	-1.42%	-449.99%
OI	33651450	31115700	8.15%
Vol	77308300	80389400	-3.83%
PCR(OI)	1.35	1.43	-5.59%
PCR ( VOL)	0.96	0.85	12.94%

MOST ACTIVE INDEX CALL OPTION				
Strike	Curr. IV	Pre. IV	Curr. OI	OI Chg%
4000 C	27.23%	28.12%	1677450	34.50%
4100 C	25.66%	27.15%	1997750	11.30%
4200 C	24.67%	25.93%	1927100	7.36%
3900 C	27.89%	28.97%	614150	75.15%
4300 C	24.35%	25.40%	1569200	7.49%

MOST ACTIVE INDEX PUT OPTION				
Strike	Curr. IV	Pre. IV	Curr. OI	OI Chg%
3900 P	27.67%	29.42%	2668150	26.27%
3800 P	28.65%	29.59%	3242400	16.19%
4000 P	27.40%	28.69%	2402450	-3.94%
4100 P	26.36%	27.68%	1811300	-1.11%
4200 P	24.76%	26.34%	836650	-16.28%

MOST ACTIVE STOCK FUTURES				
Strike	Curr. CoC	Pre. CoC	Curr. OI	OI Chg%
RELIANCE	11.67%	7.79%	12054600	4.11%
BHARTIARTL	-0.64%	-4.40%	7859500	-2.83%
RCOM	13.10%	7.18%	15629600	4.02%
IVRCLINFRA	9.14%	0.50%	8392000	-10.46%
SBIN	9.60%	5.68%	5973500	3.74%

FII'S FUTURE & OPTIONS ACTIVITY (IN CRS) 23 FEB 07			
	Buy	Sell	Difference
INDEX FUTURES	881.44	2428.78	-1547.34
INDEX OPTIONS	384.41	218.91	165.50
STOCK FUTURES	512.68	495.52	17.16
STOCK OPTIONS	18.96	1.75	17.21
TOTAL	1797.49	3144.96	-1347.47

MOST ACTIVE STOCK CALL OPTIONS				
Strike	Curr. IV (%)	Pre. IV (%)	Curr. OI (%)	OI Chg %
RELIANCE 1440 C	31.27%	29.99%	667200	11.67%
IFCI 30 C	89.36%	88.76%	3787875	11.09%
SBIN 1080 C	39.72%	36.37%	63250	22.22%
TATASTEEL 480 C	33.78%	33.47%	243000	33.83%
RPL 70 C	29.89%	34.34%	2455550	24.87%

MOST ACTIVE STOCK PUT OPTIONS				
Strike	Curr. IV (%)	Pre. IV (%)	Curr. OI (%)	OI Chg %
RELIANCE 1350 P	24.88%	28.10%	73950	103.72%
TATASTEEL 460 P	34.37%	30.17%	109350	128.17%
SBIN 1050 P	29.57%	34.70%	74750	11.99%
RCOM 420 P	43.17%	44.45%	58100	822.22%
IFCI 25 P	94.59%	77.34%	661500	82.61%

## Today's Recommendation

Scripts	Buy/Sell	Initiation Range	Stop loss	Target	Time Frame
Sterlite	Buy	508-510	503	525-540	2-3 days

## Recommendation Tracker

Date	Scripts	Initiation Range	Stop loss	Target	Profit/ Loss	Remark
26-Feb-07	Nifty Buy	3937.5	3915	3985-4020	1-2 Days	Open @ 3969
26-Feb-07	Rel. Capital Buy	667	657	680-700	2-3 Days	Open @ 670.25
23-Feb-07	Sterlite Ind. Buy	507.5	502	520-530	1-2 days	Stoploss triggered
20-Feb-07	Prajind Buy	394-395	385	410-420	BTST	First Tgt Achieved
19-Feb-07	GMR Infra Buy	421-422	415	430-440	2-3 Days	Stoploss triggered
19-Feb-07	Divis Lab Buy	3490-3495	3465	3570-3650	2-3 Days	Stoploss triggered

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