



daring derivatives

January 24, 2007

Derivatives Summary

- The Nifty (Jan) futures' premium increased to 7.05 points from 5.9 points and shed around 41.8 lakh shares in open interest.
- The Nifty (Feb) futures' premium increased to 13.15 points from 13.10 points and added around 36 lakh shares in open interest.
- The Nifty 50 stocks have shed around 6 lakh shares in open interest.
- The total open interest in the market is 62,165 crore and shed around 562 crore in open interest.
- Stocks close to their market-wide position limits are Century (94%), IFCI (93%), JP Hydro (93%) and Essar Oil (92%).
- Bank of Baroda, Hindalco, ICICI Bank, Jindal Steel, Mah. Seamless and Tata Chem are witnessing a good roll-over.

NIFTY SNAPSHOT			
	Current	Previous	% Change
Nifty (Jan)	4067	4108.35	-1.01%
Nifty CoC	36.87%	17.50%	110.72%
OI	35536900	35999200	-1.28%
Vol	28501300	26844300	6.17%
PCR(OI)	1.59	1.67	-4.79%
PCR (VOL)	1.15	1.38	-16.67%

MOST ACTIVE INDEX CALL OPTION				
Strike	Curr. IV	Pre. IV	Curr. OI	OI Chg%
4100 C	22.69%	20.10%	3181800	7.85%
4050 C	22.16%	21.48%	1102000	6.21%
4100 Feb C	22.39%	22.54%	1321500	9.69%
4000 C	26.17%	25.43%	2144600	-1.33%
4150 C	21.76%	16.48%	793900	-0.10%

Market View

The market opened on a negative note on account of weak global cues and remained in the negative territory all through the day. The lack of buying interest was clearly visible in the market, and cement and banking counters, especially State Bank of India, took a hard hitting today. Volumes in Nifty futures were marginally higher. The open interest in the market is standing at 62,164 crore. There has been some shedding of open interest. Nifty futures have shed around 4.62 lakh shares in open interest with an increase in the cost of carry. On the option front, the at-the-money and out-of-the-money call options have witnessed long accumulation whereas in-the-money call options have witnessed profit booking. On the puts side, profit booking was seen across strike prices, indicating the market is likely to show some more downside. The market is likely to be very volatile ahead of the expiry and should open on a weak to flat note. Traders are advised to reduce their leveraged position or hedge their leveraged positions. The important support level for the Nifty is 4030 and it should find resistance at around 4100.

MOST ACTIVE INDEX PUT OPTION				
Strike	Curr. IV	Pre. IV	Curr. OI	OI Chg%
4100 P	11.06%	18.26%	1316800	-0.52%
4050 P	16.42%	19.49%	1040400	-0.55%
4000 P	20.15%	22.94%	2347700	-4.41%
4100 Feb P	23.67%	24.61%	1398600	6.30%
3900 P	27.90%	29.92%	2026700	-7.60%

MOST ACTIVE STOCK FUTURES				
Strike	Curr. CoC	Pre. CoC	Curr. OI	OI Chg%
SBIN	53.08%	48.19%	4273500	-5.65%
RCOM	91.21%	23.04%	13986000	-7.04%
RELIANCE	71.89%	46.94%	10159800	-6.84%
INDIACEM	107.50%	57.86%	11528950	-0.09%
BHARTIARTL	42.47%	4.50%	5716000	-4.72%

MOST ACTIVE STOCK CALL OPTIONS				
Strike	Curr. IV (%)	Pre. IV (%)	Curr. OI (%)	OI Chg %
RELIANCE 1380 C	30.15%	28.53%	645300	-4.44%
SBIN 1200 C	43.24%	53.17%	179000	128.03%
MTNL 170 C	62.29%	62.99%	841600	-2.77%
INDIACEM 250 C	98.85%	53.73%	983100	-6.61%
SAIL 100 C	57.67%	51.67%	1881900	-1.69%

MOST ACTIVE STOCK PUT OPTIONS				
Strike	Curr. IV (%)	Pre. IV (%)	Curr. OI (%)	OI Chg %
SBIN 1200 P	20.00%	37.15%	98500	-20.56%
RELIANCE 1380 P	99.00%	18.72%	125700	-8.11%
INDIACEM 240 P	99.00%	42.04%	113100	-17.89%
IDBI90 P	47.03%	74.86%	744000	18.32%
TATASTEEL 470 P	21.31%	31.26%	122175	7.10%

For Private Circulation only

Recommendation Tracker

Date	Scripts	Initiation Range	Stop loss	Target	Profit/ Loss	Remark
22-Jan-07	ACC Buy	1115	1104	1125-1140	2-3 days	First Tgt Achieved
22-Jan-07	RELIANCE Buy	1377.5	1373.5	1393-1402	1-2 days	Closed @ 1375
22-Jan-07	NIFTY Sell	4094	4109	4060-4030	2-3 days	SL Triggered
19-Jan-07	IVRCL Buy	404	395	415-425	1-2 days	Closed @ 408.5

Strategy Tracker

Date	Scripts	Buy/Sell	Strike/Option	Initiation Range	Max Profit	Max. Loss	Time
8-Jan-07	Reliance	Buy	1320 Call	17	22.5	-7.5	Expiry
	Reliance	Sell	1350 Call	9			

For Private Circulation only

Disclaimer

"This document has been prepared by Sharekhan Ltd. This Document is subject to changes without prior notice and is intended only for the person or entity to which it is addressed to and may contain confidential and/or privileged material and is not for any type of circulation. Any review, retransmission, or any other use is prohibited. Kindly note that this document does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction.

Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. SHAREKHAN will not treat recipients as customers by virtue of their receiving this report.

The information contained herein is from publicly available data or other sources believed to be reliable. While we would endeavour to update the information herein on reasonable basis, SHAREKHAN, its subsidiaries and associated companies, their directors and employees ("SHAREKHAN and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent SHAREKHAN and affiliates from doing so. We do not represent that information contained herein is accurate or complete and it should not be relied upon as such. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Sharekhan may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject SHAREKHAN and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

SHAREKHAN & affiliates may have used the information set forth herein before publication and may have positions in, may from time to time purchase or sell or may be materially interested in any of the securities mentioned or related securities. SHAREKHAN may from time to time solicit from, or perform investment banking, or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall SHAREKHAN, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. Any comments or statements made herein are those of the analyst and do not necessarily reflect those of SHAREKHAN."