

Market Statistic:

TRADE STATISTICS FOR 28-February-2007

Product	No. of Contracts	Turnover (Rs. cr.)*
Index Futures	1,223,935	23,071.93
Stock Futures	701,173	17,817.78
Index Options	385,853	7,766.30
Stock Options	29,888	752.84
Total	2,340,849	49,408.85

OPEN INTEREST – Gainers.

Scrip ID	OI Futures	% Chg	Price	% Chg
HDFC	1008900	40.21	1507.25	-6.15
TCS	3567500	38.87	1193.4	-5.60
NAGARCONS	3336000	29.05	155.9	-19.23
ONGC	6121350	26.47	788.05	-3.64
TATAPOWER	1194000	25.95	542.75	-2.19

OPEN INTEREST - Losers.

Scrip ID	OI Futures	% Chg	Price	% Chg
PATNI	349050	(31.68)	422.85	(1.39)
WOCKPHAR	802200	(24.72)	353.65	(0.40)
COLGATE	986475	(24.45)	322.3	0.65
BAJAJHIND	4429850	(22.91)	175.95	0.37
RENUKA	695000	(22.73)	302	3.79

FII Derivatives Statistic For the date :280207

	Buy	Sell	OI at end of the Day		Inflow / Outflow
			Contract	Amount	
INDEX FUTURES	2959.51	3355.02	731894	13653.36	-395.51
INDEX OPTIONS	796.55	144.07	294354	5512.22	652.49
STOCK FUTURES	1248.34	904.54	608553	14919.65	343.80
STOCK OPTIONS	5.10	2.66	2138	45.53	2.43
					603.21

FII Derivatives Statistic For the date :270207

INDEX FUTURES	965.80	1653.79	714834	13899.61	-687.99
INDEX OPTIONS	377.27	72.23	259849	5059.13	305.04
STOCK FUTURES	518.67	558.91	608007	15663.62	-40.25
STOCK OPTIONS	10.15	9.53	2255	49.47	0.62
					-422.57

FII Derivatives Statistic For the date :260207

INDEX FUTURES	903.69	1939.80	672907	13310.78	1036.11
INDEX OPTIONS	274.98	104.50	248863	4905.09	170.48
STOCK FUTURES	559.13	339.89	597064	15524.80	219.24
STOCK OPTIONS	0.00	0.00	1364	30.20	0.00
					-646.39

Reckoning Put/Call Ratio

Scrip ID	PCR OI	PCR Vol.
NIFTY	1.06	0.96
RELIANCE	0.21	0.41
TATASTEEL	0.26	0.30
RPL	0.2	0.15
HINDLEVER	0.12	0.11

Market Wrap-up:

Nifty dipped further Monday and closed down at 3893.90. F&O segment of the market saw increase in turnover as compared to previous trading session.

The market turnover increased by 64.17 percent in terms of number of contracts traded vis-à-vis previous trading day and increased 55.54 percent in terms of rupees.

The PCR OI of market was at 0.17 and in NIFTY; has changed from 1.21 to 1.06. At the same time, PCR VOL in NIFTY has changed to 0.96.

On a scrip specific note scrips like HDFC, TCS, NAGARCONS, ONGC & TATAPOWER were the gainers in futures open interest, while PATNI, WOCKPHARMA, COLGATE, BAJAJHIND & RENUKA were the amongst some to shed the Futures Open Interest.

On the option open interest front, NIFTY led the pack 139415 contracts of position open in CALL and 14845.5 contracts in the PUT side. On the scrip side, RELIANCE led the pack with 7590 contracts in CALL and 1627 Contracts in PUT as open interest followed by TATASTEEL with 2101 contracts of open position in CALL and 562 contracts of open position in PUT.

In terms of Volumes 2340849 contracts were traded on NSE. Nifty accounted for 68.91 percent of the total traded contracts RELIANCE 3.86 percent while IVRCL contributed 1.64 percent to the total turnover.

A look at the volatility indicates there is a considerable amount of increase in volatility of stocks such as GUJALKALI, GLAXO, STER, GESHIP, & POLARIS. Implied volatility in Nifty is at 30.05 and Historical volatility is at 31.50.

eXpectations:

The NIFTY futures saw a rise in OI 12.31% with prices opened with gap as world markets were in pressure and nifty closing at 3715 near the low of 3700 indicating that selling pressure was their in the market even after budget announcement indicating that bears were aggressive and short positions are formed in the market indicating weakness in the market. Any kind of pullback may lead to short covering as lot of short positions are pending in the market. The whole day saw a lot of volatility as uncertainties prevail in the market. The FIIs were a seller in nifty futures to the tune of 395 crs. The PCR has come down from 1.21 to 1.06 levels again indicating weakness in the market. The volatility has risen from 30.05 to 31.50 levels indicating volatile trading sessions ahead.

Among the Big guns, ONGC saw lot of addition of OI to the tune of 26% with prices coming down 3.64 indicating lot of short positions are formed in the counter performing in line with the market whereas RELIANCE saw drop of OI to the tune of 1.78 % with prices coming down 3.77 % indicating that due to high volatility in the market lot of long positions liquidated in the market.

On the TECH front, TCS, INFOSYSTCH, SATYAMCOMP, WIPRO saw lot of addition of OI with sharp fall in prices indicating that lot of short positions are formed in the market indicating weakness in these counters...

The BANKING counter lead by SBIN, BANKBARODA, ICICIBANK saw OI coming up and prices going down indicating short positions in these counters whereas BANKINDIA, saw fall in OI with prices coming down indicating long liquidating their positions.

In the METALS TATASTEEL, SAIL, saw fresh SELLING coming in these counters indicating weakness in these counters whereas longs liquidating in HINDALCO & STER.

Considering the overall scenario and the markets being volatile and wobbly, we feel one should hedge the positions. Traders are advised to place strict stop losses.

Please Note that Each Strategy Given below suits to different risk profile; please choose suitable one for you on the basis of your risk profile & trading Appetite. Please read the comments mentioned below each strategy before using the strategy.

LOW RISK STRATEGY

POSITIONAL STRATEGY

Strategy – SYN LONG STRADDLE

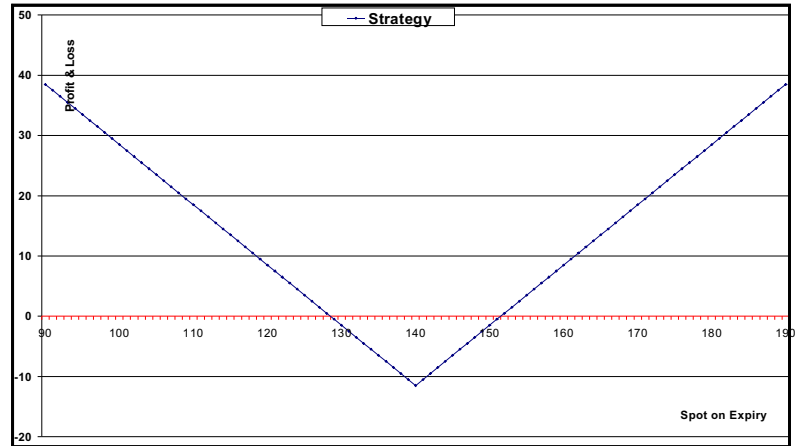
STRATEGY NAME	
HINDALCO	SELL FU @ 140
HINDALCO	BUY 140 CA @5.75
HINDALCO	BUY 140 CA @5.75
OI (In contracts)	
VOL (In contracts)	

HINDALCO: SYN LONG STRADDLE

SELL FUT @ 140
BUY 140 CA @5.75
BUY 140 CA @5.75
LBEP: 128.50
Risk: 18342.50

UBEP:151.50
Profit Potential: UNLIMITED

(For strategy details refer adjacent table).



In the above strategy risk is high but it offers gain on both side movements (thus best for playing in volatile market). The maximum risk as shown is more of theoretical in nature (because if we square off this strategy in time say in 3-5 days) the loss can be reduced to as low as 10% of indicated risk.

LOW RISK STRATEGY

POSITIONAL STRATEGY

Strategy – BULL CALL SPREAD

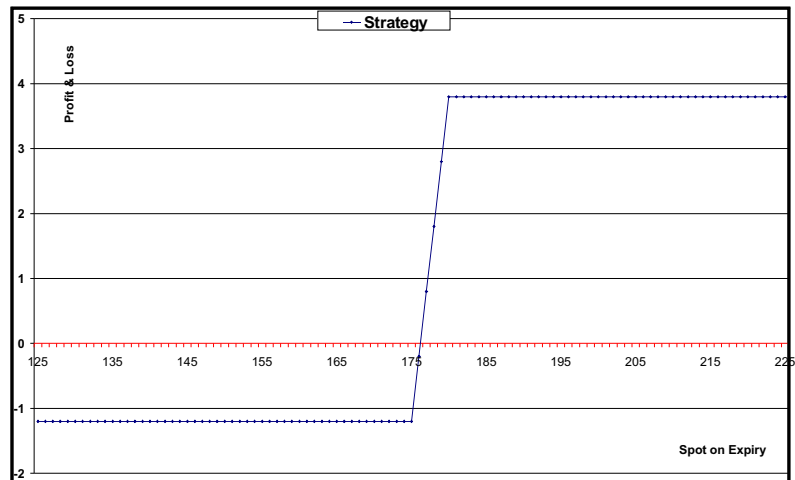
STRATEGY NAME	
ITC	BUY 175 CA @4.00
ITC	SELL 180 CA @2.80
OI (In contracts)	
VOL (In contracts)	

ITC: BULL CALL SPREAD

BUY 175 CA @4.00
SELL 180 CA @2.80
BEP : 176.20
Risk: 1350

Profit Potential: 4275

(For strategy details refer adjacent table).



In the above strategy as action suggest you have buy at the money or in the money option and sell out of money option it is very safe as Risk and Profit is Pre Defined. Also, please note in forming this strategy rate given is not important but Co-relation in difference in strike price and rates is important.

LOW RISK STRATEGY

POSITIONAL STRATEGY

Strategy –CALL HEDGE

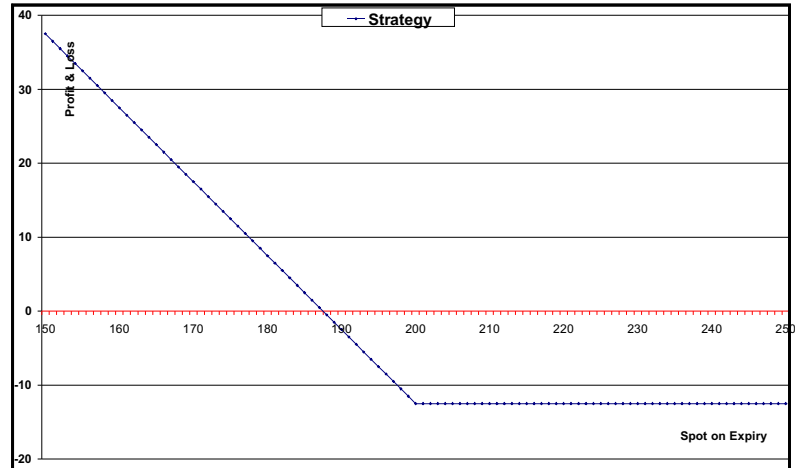
STRATEGY NAME	
NATIONALUM	SELL FU @200
NATIONALUM	BUY 200 CA@12.5
OI (In contracts)	
VOL (In contracts)	
	0

NATIONALUM: CALL HEDGE

SELL FUT @ 200
BUY 200 CA @12.50
BEP : 187.50
Risk: 14375

Profit Potential: UNLIMITED

(For strategy details refer adjacent table).



In the above strategy the risk is pre defined as maximum risk given; this strategy is quiet safe and has attractive risk reward ratio. If there is a change in price of future option price has to be adjusted accordingly.

LOW RISK STRATEGY

POSITIONAL STRATEGY

Strategy – CALL HEDGE

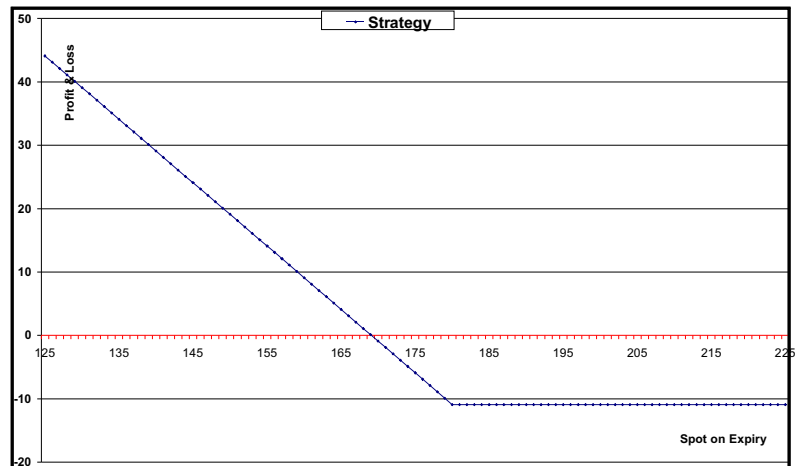
STRATEGY NAME	
HINDLEVER	SELL FU @176.35
HINDLEVER	BUY 180 CA@7.25
OI (In contracts)	
VOL (In contracts)	
	0

HINDLEVER: CALL HEDGE

SELL FUT @176.35
BUY 180 CA @7.25
BEP : 169.50
Risk: 10900

Profit Potential: UNLIMITED

(For strategy details refer adjacent table).



In the above strategy the risk is pre defined as maximum risk given; this strategy is quiet safe and has attractive risk reward ratio. If there is a change in price of future option price has to be adjusted accordingly.

Strategy & Trading tracking Arena:

Scrip Name	Strategy	Strategy Date	Revised Recommendation
RCOM	BULL CALL SPREAD	23/02/2007	CONTINUE

Research Team

D. D. Sharma - Head
ddsharma@rathi.com

Pramit Sabharwal
Sr. Technical Analyst /
Sr. Derivative Analyst
pramitsabharwal@rathi.com

Ashish Chaturmohta
Derivative Analyst
derivatives_desk@rathi.com

DISCLAIMER: This report has been issued by Anand Rathi Securities Limited (ARSL), which is regulated by SEBI. The information herein was obtained from various sources; we do not guarantee its accuracy or completeness. Neither the information nor any opinion expressed constitutes an offer, or an invitation to make an offer, to buy or sell any securities, options, future or other derivatives related to such securities ("related investment"). ARS and its affiliated may trade for their own accounts as market maker/ jobber and /or arbitrageur in any securities of this issuer(s) or in related investments, and may be on the opposite side of public orders. ARS, its affiliates, directors, officers, and employees may have a long or short position in any securities of this issuer(s) or in related investment banking or other business from, any entity mentioned in this report. This research report is prepared for private circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. Investors should seek financial situation and the particular needs of any specific investing in any securities or investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. Investors should note that income from such securities, if any, may fluctuate and that each security's price or value may rise or fall. Past performance is not necessarily a guide to future performance. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in this report.