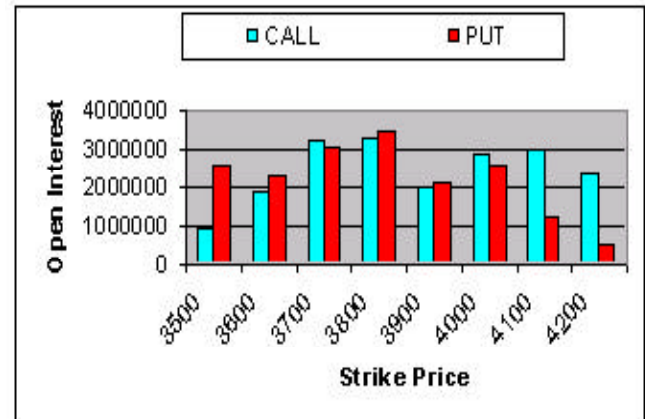


17th March, 2007

Indices' Snapshot

	Previous week	This week	Change	%Chg
Nifty	3718.00	3608.55	-109.45	-2.94
Sensex	12884.99	12430.40	-454.59	-3.53
Bank Nifty	5187.85	4893.45	-294.40	-5.67
CNX IT	5189.55	5159.20	-30.35	-0.58
Futures LTP (March)				
Nifty	3675.50	3570.05	-105.45	-2.87
Bank Nifty	5166.90	4885.05	-281.85	-5.45
CNX IT	5120.00	5115.00	-5.00	-0.10
Open Interest (OI)				
Nifty	37060400	40444500	+3384100	+9.13
Bank Nifty	153450	234100	+80650	+52.56
CNX IT	19650	16800	-2850	-14.50
Cost of Carry (% annualized)				
Nifty	-17.30	-34.73	-17.43	
Bank Nifty	-10.11	-4.51	+5.60	
CNX IT	-22.96	-33.76	-10.80	

Nifty Options OI Distribution



Nifty Put Call Ratio (OI)

	Last Week	This Week	Change	% Change
Call OI	21283550	23989400	+2705850	+12.71
Put OI	20421300	21487850	+1066550	+5.22
PCR	0.96	+0.90	-0.06	

FII's Weekly Derivative Statistics 15.03.07

	Buy		Sell		Open Interest as on 15.03.07		Open Interest as on 08.03.07		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	345219	6370.31	363077	6690.17	803980	14574.18	714444	13430.53	89536	1143.66
Index Options	39277	745.76	37338	707.11	469083	8545.75	422790	7951.94	46293	593.81
Stock Futures	107213	2559.72	108273	2546.15	654278	15510.78	618268	15010.08	36010	500.70
Stock Options	44	0.87	439	11.52	2239	49.78	1756	38.78	483	10.99
TOTAL						38680.50		36431.33		2249.16

Source: NSE

Market Activity

Nifty remained extremely volatile throughout the week as it traded with slightly positive bias during the first two sessions, but fell sharply for the rest of sessions and has closed with a loss of 109 points for the week. Nifty March futures also remained volatile and traded in wide range of 10-15 points to 40-45 points discount during the week. Major gainers during the week, in terms of price, were Parsvnath, Orchid Chem, Sobha, TVS, HPCL, Renuka, Mphasis & Jet Air. Major losers included RCOM, BOI, ACC, BEL, HDFC Bank, HeroHonda, SBI, BHEL, ITC, Corp Bank, OBC, ICICI Bank, Guj Ambuja, Dabur, REL, HLL, Suzlon etc. FII's remained net sellers in Index futures and fresh short positions have been initiated; however some short covering activity was also seen on Monday. However, in stock futures they seem to have taken both long as well as short positions in stock futures.

Market Outlook

We have witnessed build up of short positions in Nifty as 33.8 lakh shares (9%) have been added with high discount indicating that bearish sentiment to continue and possibility of further downside. We have also witnessed heavyweights like Infosys, Wipro, ONGC, Bharti, RCOM etc adding remarkable amount of short positions which further confirms that weakness in the markets may prevail in the coming days. The implied volatility of remained at high levels of 30-32% for a major part of the week indicating that there is hardly any improvement in overall sentiment and we may continue to witness highly volatile markets. Therefore, one shall avoid bottom fishing at current levels and we continue to advise caution at current levels.

Open Interest (OI) Analysis

BEARISH

Banking: BankNifty (52%), IOB (52%), OBC (20%); IT & Telecom : Wipro (18%), Infosys (11%), RCOM (28%), Bharti (9%).

Others : BHEL (23%), GAIL (20%), HeroHonda (12%), ONGC (14%).

Short positions are seen in abovementioned stocks and these stocks may see a further downside as OI has built up with continued weakness in stock price. However, few stocks like **CESC, Essar Oil & RPL**, which remained strong during the last week, have also added OI indicating that players may be investing in these stocks at current levels and thus we may expect these to remain strong going ahead. Unwinding of positions was seen in **Century Textiles, Cairn, Cummins, Mphasis & Triveni**.

Put-Call Ratio (PCR) Analysis

- Nifty PCR (OI) is currently at 0.90 compared to 0.96 the previous week.
- Nifty Call options added 27 lakh shares (+12.7%) & Put options added 10.6 lakh shares (+5.2%) in OI during the week.
- As against the activity during the last week in 3500-3600 Put options, this week we have not seen any major build up at those levels; which indicates that players may not be looking at 3500-3600 levels to offer any major support to Nifty.
- Resistance for immediate term is seen near to 3700 levels which earlier was expected support level and after breaking it Nifty has failed to sustain near 3700 levels consistently.
- Strong resistance is expected near 3800 levels.
- Nifty 3700 & 3800 Call options together hold nearly 65 lakh shares in OI representing 27.2% of total Call OI.
- Nifty 3600 Call options added nearly 11.9 lakh shares in OI during the week.
- Nifty 3500 Put options added 6.6 lakh shares in OI during the week.

Cost of Carry (CoC)

Turned Positive: ABAN, Canara Bank, IndusInd Bank, REL, RPL, Sterlite.

Turned Negative: BOI, Escorts, Jindal Stainless, SAIL, Suzlon.

Derivative Strategy

Scrip: INFOSYS		Spot Price: 2047.45		Mkt Lot: 100		Expiry Date (F & O): 29 th MAR 2007		
View: Bearish				Strategy: Buy Put Option			Expected Payoff	
Buy/Sell	Oty.	Scrip	Strike Price	Series	Option Type	Mkt Price (Rs.)	Closing Price	Expected Profit/Loss (Rs)
BUY	100	INFOSYS	2010	MAR	PA	41.00		
Maximum Risk: Limited to Rs.41.00 (Rs.4,100.00 per contract) If Infosys closes at 2010 or above on or before expiry of March series. Maximum Profit: Expected Rs.65.00 (Rs.6,500.00 per contract) If Infosys reaches near our expected target price of 1916.00 Break Even Point : Rs.1969.00							2010 or above	(-41.00)
							1980	(-11.00)
							1950	19.00
							1920	49.00
							1890	79.00

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