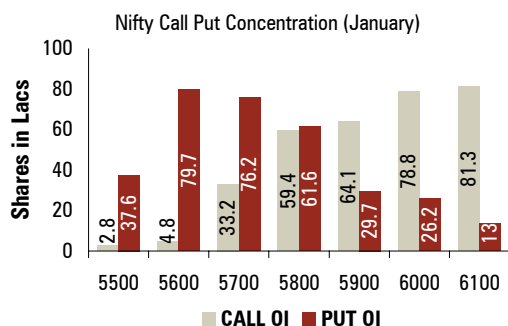


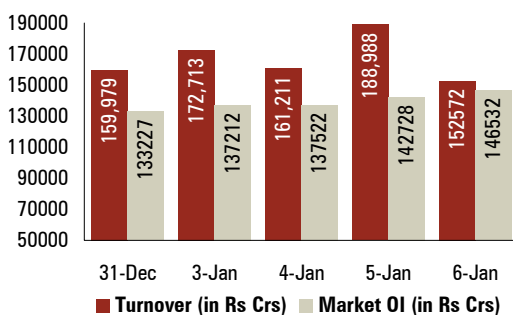
### Nifty Options OI Distribution



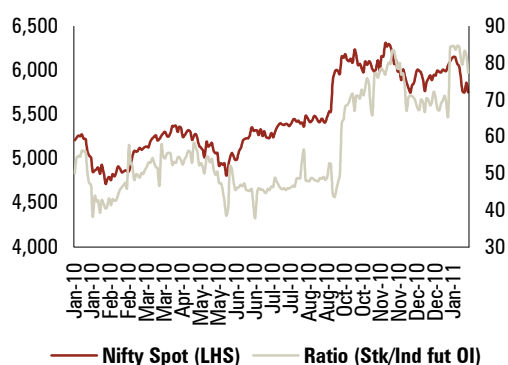
### FII Activity

| Date   | Index Fut Net Buy | Stock Fut Net Buy | Index Opt Net Buy | Cash Net Buy |
|--------|-------------------|-------------------|-------------------|--------------|
| 7-Jan  | -1230             | -628              | 1881              | -965         |
| 10-Jan | -525              | 462               | 2086              | -1088        |
| 11-Jan | 475               | 471               | 119               | -1124        |
| 12-Jan | -217              | 716               | 351               | -98          |
| 13-Jan | -35               | 438               | 154               | NA           |

### Turnover vs. Market Open Interest



### Nifty Spot vs. ratio of stock/index future OI



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### Nifty highlights

| Week on week | Spot  | Fut   | COC(%) | Tot Fut OI | PCR OI | PCR Vol | ATM IV (%) |
|--------------|-------|-------|--------|------------|--------|---------|------------|
| Current      | 5654  | 5654  | -0.8   | 25878400   | 0.94   | 1.04    | 22.5       |
| Previous     | 5904  | 5914  | 2.3    | 24079950   | 1.24   | 1.10    | 16.9       |
| Change (%)   | (4.2) | (4.4) | -      | 7.5        | -      | -       | -          |

Source: NSE, Seediff, ICICIdirect.com Research

### Weekly Analysis

- Pressure on Indian indices has been relentless. For the second week in a row, the market tanked almost 4% and closed at the lowest level of the week. Selling pressure continued in banking & realty only to magnify in the last two trading sessions where almost every sector slipped deep in the red. Volatility has surged drastically and India VIX has given two consecutive closings above 23% levels
- Open interest levels for index options continued their movement southwards. Call option open interest at ATM and OTM strikes surged significantly from a very low base to form stiff resistances at every rise. On the Put side, highest OI base shifted to the 5600 strike (8.8 million shares), suggesting critical support for the index at these levels. At the same time, 200 EMA at 5645 levels may provide some respite

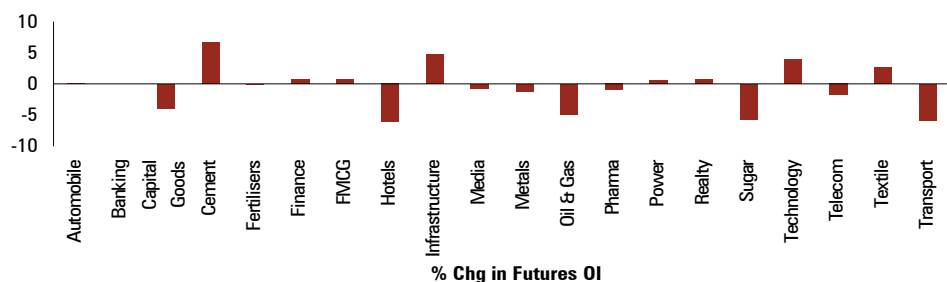
### Index Outlook

- Nifty:** We expect the Nifty to remain volatile and traders are advised to trade with strict stop losses. Trade long from lower levels of 5550 for targets of 5750-5800 if 5550 is held. Otherwise, trade negative if 5650 is not held
- Bank Nifty:** Bank Nifty is expected to remain choppy. The immediate support for the index lies around 10250/9950 levels. On the higher side, resistance is at 10600/10900 levels

### Sectoral OI activity

- The banking space saw heavy short build-up with frontline counters like SBI, HDFC, Kotak and Yes Bank adding fresh shorts. Metals again saw heavy selling pressure. SAIL, Hindalco and Sterlite all closed negative. The realty space also witnessed pressure with DLF, HDIL and Unitech all seeing pressure building up

### Sectoral Rollover



Source: Company, ICICIdirect.com Research

### Weekly Strategy

- i) Nifty Collar Strategy (NIFTY)**  
 Buy Nifty Jan futures at 5640-5645  
 Buy Nifty Jan 5600 Put at 76-78  
 Sell Nifty Jan 5800 Call at 37-39

View: Bullish  
 Target : 5800 (spot)  
 Stop Loss : 5550 (spot)

### Strategy Follow-up

| Date      | Underlying | View    | Strategy    | Reco  | Target | SL  | Profit/Loss | Comment             |
|-----------|------------|---------|-------------|-------|--------|-----|-------------|---------------------|
| 07-Jan-11 | IDFC       | Bullish | Bull Call   | 169.0 | 176.0  | 165 | -2500       | Stop loss triggered |
| 07-Jan-11 | SAIL       | Bearish | Covered Put | 176.5 | 170    | 184 | 2500        | Target achieved     |

## Derivatives research – product basket

| Directional                                         | Non-directional                                    | Quant products      |
|-----------------------------------------------------|----------------------------------------------------|---------------------|
| Long build up/Short covering Futures                | Theta & Vega strategies                            | Pairs trading       |
| Short build up Futures                              | Delta differential strategy                        | Enhanced portfolio  |
| High OI stocks – delivery product                   | Option indicators analysis                         | VIX analysis        |
| Plain vanilla options                               | Gamma neutral delta neutral strategy               | Quant Picks         |
| Deep Value Strategy                                 | Reverse, Synthetic options & Situational arbitrage | Volatility Insights |
| Hybrid Strategies – Index/Stocks                    | Opportunity Matrix                                 |                     |
| Rollover week product ( Long/Short rollover stocks) | Calendar Spreads                                   |                     |
| VWAP(expiry day product)                            | Ratio Spreads                                      |                     |

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