



daring derivatives



March 07, 2007

Derivatives Summary

- The discount in the Nifty (March) futures decreased to -24.35 points from -27.75 points and the futures shed around 25 lakh shares in the open interest.
- The total open interest in the market is Rs50,214 crore and there was an addition of Rs964 crore in the open interest during the day.
- The Nifty 50 stocks shed 58 lakh shares in the open interest.
- HCL Tech (14%), Titan (13%), Tata Motors (12%), SRF (12%) & CESC (10%) were the top open interest gainers in the market.
- BEML (-16%), Kotak Bank (-12%), TVS Motor (-11%), Bombay Dyeing (-10%) & Tata Tea (-10%) were the top open interest losers in the market.

Market View

The market opened on a very positive note with a positive gap of over 60 points but witnessed strong selling pressure that dragged the Nifty down to almost zero level in the first half of the trading session. In the second half of the session there was good buying in information technology stocks, which pulled the Nifty from the bottom and gave a very strong close with gains of around 2%. Aggressive short covering was seen in the Nifty futures with relatively good volumes indicated by the decrease in the open interest and a decrease in the cost of carry. The Nifty futures shed around 25 lakh shares in the open interest. On the options front the implied volatility of both the calls and puts is still above the average level of 25-26% indicating that the market will see volatility, but the overall sentiments of the market seem to be positive. The market is likely to open on a positive note and should stabilise around these levels. The key support levels for the Nifty are 3620 and 3575 and there will be resistances around 3750 and 3800.

| NIFTY SNAPSHOT | | | |
|----------------|----------|----------|----------|
| | Current | Previous | % Change |
| Nifty (Mar) | 3644 | 3548.75 | 2.68% |
| Nifty CoC | -10.53% | -11.80% | -10.73% |
| OI | 37087300 | 39573750 | -6.28% |
| Vol | 86182900 | 89482900 | -3.69% |
| PCR(OI) | 0.97 | 0.94 | 3.19% |
| PCR (VOL) | 1.17 | 0.72 | 62.50% |

| MOST ACTIVE INDEX CALL OPTION | | | | |
|-------------------------------|----------|---------|----------|---------|
| Strike | Curr. IV | Pre. IV | Curr. OI | OI Chg% |
| 3700 C | 30.54% | 33.21% | 1821300 | 17.55% |
| 3800 C | 29.79% | 32.26% | 2222050 | -1.24% |
| 3600 C | 32.12% | 42.52% | 484950 | - |
| 3650 C | 31.49% | 34.05% | 467500 | -20.30% |
| 3900 C | 29.39% | 33.03% | 1582150 | 4.31% |

| MOST ACTIVE INDEX PUT OPTION | | | | |
|------------------------------|----------|---------|----------|---------|
| Strike | Curr. IV | Pre. IV | Curr. OI | OI Chg% |
| 3600 P | 31.88% | 28.65% | 1349650 | - |
| 3500 P | 32.46% | 30.34% | 964750 | - |
| 3700 P | 30.96% | 32.48% | 2113650 | 0.96% |
| 3900 P | 28.22% | 32.73% | 2055950 | -12.60% |
| 3800 P | 31.04% | 31.71% | 3024000 | -4.02% |

| MOST ACTIVE STOCK FUTURES | | | | |
|---------------------------|-----------|----------|----------|---------|
| Strike | Curr. CoC | Pre. CoC | Curr. OI | OI Chg% |
| RELIANCE | -1.22% | 5.19% | 12489600 | 1.17% |
| RCOM | 9.24% | 1.14% | 13876100 | 1.77% |
| BHARTIARTL | -30.83% | -20.82% | 10337500 | 2.27% |
| CENTURY TEXT. | 0.33% | 0.48% | 7222450 | 2.61% |
| INFOSYS TECH. | -1.50% | -0.38% | 2712600 | 3.31% |

| FII'S FUTURE & OPTIONS ACTIVITY (IN CRS) 05 MARCH | | | |
|---|---------|---------|------------|
| | Buy | Sell | Difference |
| INDEX FUTURES | 2111.46 | 2199 | -87.54 |
| INDEX OPTIONS | 387.17 | 161.81 | 225.36 |
| STOCK FUTURES | 642.19 | 688.27 | -46.08 |
| STOCK OPTIONS | 5.34 | 12.06 | -6.72 |
| TOTAL | 3146.16 | 3061.14 | 85.02 |

| MOST ACTIVE STOCK CALL OPTIONS | | | | |
|--------------------------------|--------------|-------------|--------------|----------|
| Strike | Curr. IV (%) | Pre. IV (%) | Curr. OI (%) | OI Chg % |
| RELIANCE 1290 C | 26.81% | 31.36% | 181050 | 36.23% |
| IFCI 30 C | 100.68% | 91.05% | 7410375 | 5.85% |
| SAIL 100 C | 43.80% | 48.35% | 950400 | 266.67% |
| TATASTEEL 420 C | 40.64% | 44.15% | 155250 | 751.85% |
| MTNL140 C | 41.51% | 46.63% | 462400 | -0.34% |

| MOST ACTIVE STOCK PUT OPTIONS | | | | |
|-------------------------------|--------------|-------------|--------------|----------|
| Strike | Curr. IV (%) | Pre. IV (%) | Curr. OI (%) | OI Chg % |
| RELIANCE 1260 P | 29.78% | 30.84% | 156750 | 31.12% |
| IFCI 25 P | 92.93% | 105.63% | 1252125 | -3.05% |
| TATASTEEL 420 P | 40.64% | 43.33% | 57375 | 39.34% |
| SAIL 95 P | 60.42% | 69.19% | 105300 | 69.57% |
| RCOM 400 P | 53.81% | 50.60% | 77700 | 19.35% |

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."
