

14th July, 2007

Indices' Snapshot

	Previous week	This week	Change	%Chg
Nifty	4384.85	4504.55	119.70	2.73
Sensex	14964.12	15272.72	308.60	2.06
Bank Nifty	6791.25	6980.35	189.10	2.78
CNX100	4306.65	4433.05	126.40	2.93
CNX IT	5239.85	5185.05	-54.80	-1.05
Junior	8729.50	9089.60	360.10	4.13

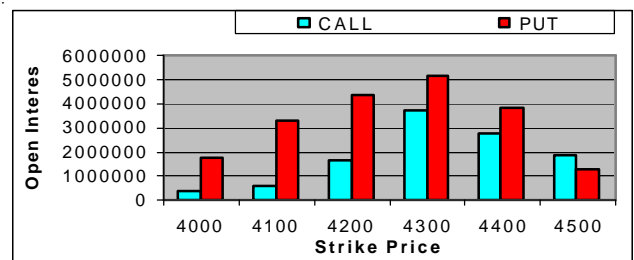
Futures LTP (July)

Nifty	4374.00	4488.55	114.55	2.62
Bank Nifty	6829.00	6990.00	161.00	2.36
CNX100	4304.00	4420.00	116.00	2.70
CNX IT	5240.00	5190.00	-50.00	-0.95
Junior	8740.00	9086.00	346.00	3.96

Cost of Carry (% annualized)

Nifty	-4.56	-14.05	-9.49	
Bank Nifty	+13.86	+6.01	-7.85	
CNX100	-0.62	-10.09	-9.47	
CNX IT	+1.93	+5.92	+3.99	
Junior	+2.95	-0.72	-3.67	

Nifty Options OI Distribution



Nifty Put Call Ratio (OI)

	Last Week	This Week	Change	% Change
Nifty Put Call Ratio (OI)				
Call OI	13903450	16333550	+2430100	+17.48
Put OI	21143550	26564050	+5420500	+25.64
PCR	1.52	1.63	+0.11	

Open Interest (No. of Shares)

Nifty	35133050	38767950	+3634900	+10.35
Bank Nifty	273850	292600	+18750	+6.85
CNX100	16950	16950	0	0
CNXIT	118550	90400	-28150	-23.75
Junior	173950	207725	+33775	+19.42

FII's Weekly Derivative Statistics 12.07.07

	Buy		Sell		Open Interest as on 12.07.07		Open Interest as on 05.07.07		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	242364	5331.51	193262	4243.73	733501	16330.99	651973	14223.67	81528	2107.32
Index Options	106035	2307.97	57317	1221.45	425698	9463.59	372760	8114.89	52938	1348.69
Stock Futures	110471	3268.77	145586	4269.32	842700	25823.33	773539	23102.16	69161	2721.17
Stock Options	3113	67.95	2861	60.35	5608	135.39	2890	77.39	2718	58.00
TOTAL						51753.29		45518.11		6235.18

Source: NSE

Market Activity

Nifty has closed at all time high of 4504 for the week with a gain of 119 points. Major gainers were SAIL, GMR Infra, BOI, LITL, CESC, JSW Steel, OBC, Hindalco, UBI, GNFC, REL, Sterlite, PFC etc. Major losers were HTMT Global, Mphasis, Nicolas Piramal, Auro Pharma, Praj etc. FIIs remained net buyers in Index futures to the tune of 49102 contracts and have added 81528 contracts in OI which indicates formation of long as well as short positions with a bias towards long positions. They continued to remain net buyers in Index options. However in Stock futures they remained net sellers by 35115 contracts and have added 69161 contracts in OI indicating formation of both long as well as short positions with a bias towards short positions.

Market Outlook

We continue to maintain our positive view on Nifty for the coming days. It closed at all time high on Friday as it bounced back sharply after taking support close to our expected levels of 4350-4300. Importantly, the Implied volatility of Nifty dropped further to 17-18% compared to 21-23% earlier during the July series indicating improvement in sentiment regarding sustainability of markets at current levels. Nifty PCR (OI) increased to 1.63x and is still not showing signs of overbought market and thus we may expect further upside in Nifty, but one shall keep a close watch on the PCR from current levels. We see strong support in the range of 4350-4300 and for immediate term support exists close to 4400 levels.

Open Interest (OI) Analysis

BULLISH: Banking & Fin : Canara Bank, IndusInd Bank, Karnataka Bank, OBC, UBI, Vijaya Bank & IndiaInfo.
Others : CESC, Adlabs Films, India Cements, LITL & Zee.

Long build up was seen in abovementioned stocks as OI has increased with strength in stock price and positive CoC and thus we are bullish on these stocks.

Put-Call Ratio (PCR) Analysis

- Nifty PCR (OI) moved up to 1.63 from 1.52 last week.
- Nifty Call options added 24.3 lakh shares (+17.5%) & Put options added 54.2 lakh shares (+25.6%) in OI on w-o-w basis.
- Nifty 4350-4300 levels are expected to offer strong support to the markets in case of any downside as Nifty 4300 & 4350 Put options together hold 86 lakh shares and represent 32.3% of total Put OI.
- Support for immediate term is expected close to 4400 levels as Nifty 4400 Put options added 30.6 lakh shares during the week and now it holds nearly 38.6 lakh shares in OI representing 14.5% of total Put OI.
- We have noticed shifting of positions in Nifty options from 4200-4300 levels to 4400-4500 levels which is positive sign.
- Nifty 4200 Put options shed 13.1 lakh shares and 4500 Put options added 12.3 lakh shares in OI.
- Nifty 4500 Call options added 18.9 lakh shares in OI during the week and 4400 Call options added 8.8 lakh shares in OI.
- Nifty 4300 & 4200 Call options shed 3 lakh and 5 lakh shares respectively in OI.

Cost of Carry (CoC)

Turned Positive: BajajAuto, GE Shipping, Grasim, HLL, HPCL, LT, TCS.

Turned Negative: —.

Derivative Strategy

Scrip: RELIANCE Spot Price: 1773.05 Mkt Lot : 150							Expiry Date (F & O): 26h JULY 2007	
View: Bullish Strategy: Buy Call Option							Expected Payoff	
Buy/Sell	Oty.	Scrip	Strike Price	Series	Option Type	Mkt Price (Rs.)	Closing Price	Expected Profit/Loss (Rs)
BUY	150	RELIANCE	1770	JULY	CA	31.00		
Maximum Risk: Limited to Rs.31.00 (Rs. 4,650.00 per contract) If RIL closes at 1770.00 or below on expiry of July series. Maximum Profit: Unlimited Expected Profit: Rs.54.00 (Rs.8100.00) at expected target price of 1850.00 Break Even Point : 1801.00							1770 or below	(31.00)
							1790	(11.00)
							1810	+9.00
							1830	+29.00
							1850	+49.00
							1870	+69.00

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