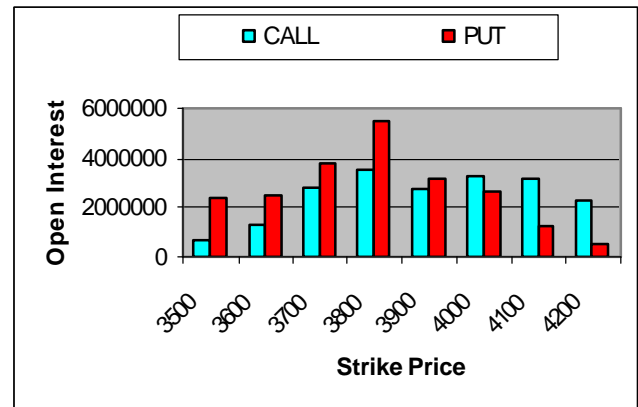


### Indices' Snapshot

	Previous week	This week	Change	%Chg
Nifty	3608.55	3861.05	252.50	7.00
Sensex	12430.40	13285.93	855.53	6.88
Bank Nifty	4893.45	5518.95	625.50	12.78
CNX IT	5159.20	5369.85	210.65	4.08
<b>Futures LTP (March)</b>				
Nifty	3570.05	3868.45	298.40	8.36
Bank Nifty	4885.05	5547.00	661.95	13.55
CNX IT	5115.00	5361.00	246.00	4.81
<b>Open Interest (OI)</b>				
Nifty	40444500	36605350	-3839150	-9.49
Bank Nifty	234100	207950	-26150	-11.17
CNX IT	16800	13500	-3300	-19.64
<b>Cost of Carry (% annualized)</b>				
Nifty	-34.73	+33.11	+67.84	
Bank Nifty	-4.51	+16.69	+21.20	
CNX IT	-33.76	-0.91	+32.85	

### Nifty Options OI Distribution



### Nifty Put Call Ratio (OI)

	Last Week	This Week	Change	% Change
Call OI	23989400	24509550	+520150	2.17
Put OI	21487850	25509550	+4021700	+18.72
PCR	+0.90	+1.04	+0.14	

### FII's Weekly Derivative Statistics 22.03.07

	Buy		Sell		Open Interest as on 22.03.07		Open Interest as on 15.03.07		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	556562	10445.03	418545	7787.05	720857	14010.78	803980	14574.18	-83123	-563.40
Index Options	82309	1557.88	59371	1123.24	516809	10015.50	469083	8545.75	47726	1469.75
Stock Futures	188087	4775.99	155697	3943.55	654474	16608.34	654278	15510.78	196	1097.56
Stock Options	9	0.17	345	7.29	2506	58.19	2239	49.78	267	8.42
<b>TOTAL</b>						<b>40692.82</b>		<b>38680.50</b>		<b>2012.33</b>

Source: NSE

### Market Activity

Nifty bounced back very sharply during the week and has closed with a gain of 252 points at 3861 on a week over week basis. Nifty March futures traded at low discount of 10-15 points during the first half of the week but it further reduced to 2-3 points discount on Thursday & Friday, it traded at almost 10 points premium at the end of session on Friday. Major gainers during the week, in terms of price, were Corporation Bank, IFCI, BOI, UTI, OBC, BHEL, BOB, PNB, RCOM, Rel Capital, SBI, HLL, LT, ICICI Bank etc. Few losers were Essar Oil, Triveni, Glaxo etc. FII's remained huge buyers in the F&O Segment during the week as heavy short covering activity was seen in Index futures and stock futures; we have also witnessed build up of few longs in index as well as stock futures. In Index options also, they were net buyers and have added huge OI indicating continued cautious mood.

### Market Outlook

We witnessed remarkable short covering activity in Nifty as well as in heavyweight stocks like Bharti, RIL, RCOM & ONGC. Nifty futures turned to a premium of almost 10 points from discount of 20-25 points at the beginning of the week as short covering as well as long positions was seen especially in the FII segment. Remarkable build up in Put options of Nifty was also seen indicating development of support near 3800 levels. Thus, we expect comparatively stable markets in the coming days as the Implied Volatility of Nifty has also decreased sharply from over 30% to 23-24% levels. However, absence of remarkable long positions in majority of stock remains cause for concern and therefore we continue to advise caution.

## Open Interest (OI) Analysis

**BULLISH:** Kotak Bank (45%), CESC (45%), Canara Bank (25%), RPL (13%)

Long positions are seen in abovementioned stocks and these stocks may see a further upside move as OI has built up with strength in stock price. Long positions were also seen in **Reliance Capital** as nearly 6 lakh shares were added during Thursday & Friday's session with positive CoC and we expect a further upside move in the stock. Short build up was seen in **ITC** during Friday's session as OI increased by 10% with 3.5% fall in stock price. Short covering activity was seen in stocks like Bharti, RCOM, RIL & ONGC during the week as OI decreased by 10-15% with upside move in price.

## Rollovers

- Nearly 60% rollover completed in Satyam & RPL.
- 40-45% rollover seen in JSW Steel, Hindalco & Maharashtra Seamless.
- 30-40% rollover seen in GTL, ICICI Bank, Essar Oil.
- 25-30% rollover seen in HDFC Bank, JP Hydro, SRF, Guj Ambuja, Jet Airways, Ranbaxy, SBIN, Bharti, Praj Ind, Jindal Stainless, Infosys etc.
- Nifty rollover nearly 26%; Marketwide rollover nearly 24-25%.

## Put-Call Ratio (PCR) Analysis

- Nifty PCR (OI) is currently at 0.04 compared to 0.90 the previous week.
- Nifty Call options added 5.2 lakh shares (+2.17%) & Put options added 40.2 lakh shares (+18.7%) in OI during the week.
- Nifty 3500, 3600 & 3700 Call options shed total 12.2 lakh shares in OI whereas 3800, 3900 & 4000 Call options added total 13.3 lakh shares. The positions have been shifted to higher strike prices which is a positive sign.
- Nifty 3800 Puts added 19.8 lakh shares in OI which is almost 50% of total increase in Put Options, indicating that support is developing near to 3800 levels on Nifty.
- Nifty 3900 Put added 10.9 lakh shares in OI & 3700 Put added 7.6 lakh shares in OI.

## Cost of Carry (CoC)

**Turned Positive:** ALBK, BOI, Bharti, Hindalco, ONGC, Tata Steel, TCS.

**Turned Negative:** GE Shipping.

## Derivative Strategy

Scrip: RELCAPITAL		Spot Price: 670.80		Mkt Lot: 550		Expiry Date (F & O): 29th MAR 2007		
<b>View: Bullish</b>				<b>Strategy: Bull Call Spread</b>			<b>Expected Payoff</b>	
Buy/Sell	Oty.	Scrip	Strike Price	Series	Option Type	Mkt Price (Rs.)	Closing Price	Expected Profit/Loss (Rs)
BUY	550	RELCAPITAL	680	MAR	CA	14.00		
SELL	550	RELCAPITAL	700	MAR	CA	7.50	680 or below	(-6.50)
<b>Maximum Risk: Limited</b> to Rs.6.50 (Rs.3,575.00 per contract) If Rel Capital closes at 680 or below on expiry of March series. <b>Maximum Profit:</b> Rs.13.50 (Rs.7,425.00 per contract) If Rel Capital closes at 700 or above on expiry of March series. <b>Break Even Point :</b> Rs.686.50 <b>Risk-Reward Ratio: 1:2 approximately</b>							685	(-1.50)
							690	3.50
							695	8.50
							700 or above	13.50

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