



daring derivatives



August 23, 2007

Derivatives Summary

- The Nifty (August) future discount decreased to 9.35 points from 26.95 points and shed 17.42 lakh shares in open interest.
- The total open interest in the market is Rs80,828 crore and around Rs47 crore was shed in open interest.
- The Nifty call shed 1.37 lakh shares and put added 16,300 shares in open interest.
- Chambal Fertilisers (43%), IVR Prime (19%), Ambuja Cements (17%) and Nagarjuna Fertilisers (15%) were the top interest gainers in the market.
- Federal Bank (-18%), JP Hydro (-14%), ABB (-13%) and IDFC (-12%) were the top open interest losers in the market.
- IFCI (99%), Essar Oil (94%), TTML (94%), JP Hydro (91%), Arvind Mill (91%) and Nagarjuna Fertilisers (91%) were very close to their market wide position limits.

Market View

The market opened on a positive note but plunged very sharply in the initial minutes of the trade and made an intra-day low of 4,040. However, it recovered strongly and made an intra-day high of 4,165 before finally closing at 4,153 almost at the day's high with a gain of around 2%. The volumes in Nifty future were significantly high amid huge volatility during the day and around 17 lakh shares were shed in open interest towards short covering. On the option front, the implied volatility of options remained considerable high indicating a lack of certainty or confidence about the market direction. The market is likely to open on a positive note on account of strong momentum, and if global cues are positive then we might hold onto the gains. Key support level for the Nifty is 4,130 and 4,075 and the resistance will be around 4,230.

NIFTY SNAPSHOT			
	Current	Previous	% Change
Nifty (Aug)	4153.7	4047.95	2.61%
Nifty CoC	-10.25%	-26.82%	-61.80%
OI	38794100	40536250	-4.30%
Vol	47276500	41336350	14.37%
PCR(OI)	1.17	1.16	0.86%
PCR (VOL)	0.96	0.95	1.05%

MOST ACTIVE INDEX CALL OPTION				
Strike	Curr. IV	Pre. IV	Curr. OI	OI Chg%
4200 C	34.94%	37.60%	2684300	8.90%
4100 C	38.03%	37.56%	1943000	-7.91%
4300 C	34.49%	38.76%	2254550	-0.18%
4400 C	32.82%	40.97%	3022450	-4.58%
4000 C	37.87%	43.45%	213750	-

MOST ACTIVE INDEX PUT OPTION				
Strike	Curr. IV	Pre. IV	Curr. OI	OI Chg%
4100 P	37.91%	38.92%	3403100	0.91%
4200 P	35.23%	38.40%	3189250	13.75%
4050 P	38.42%	41.04%	1814050	6.19%
4000 P	37.77%	29.55%	461600	-
4400 P	40.94%	42.37%	3823200	-11.71%

MOST ACTIVE STOCK FUTURES				
Strike	Curr. CoC	Pre. CoC	Curr. OI	OI Chg%
RELIANCE	13.52%	-6.85%	10725000	2.64%
SBI	7.82%	7.34%	9841500	7.83%
GMRINFRA	30.75%	-3.07%	7804000	8.21%
RELCAP	0.22%	1.42%	7270450	-2.39%
REL	-0.31%	2.05%	11155650	-3.43%

FII'S FUTURE & OPTIONS ACTIVITY (IN CRS) 21 AUG			
	Buy	Sell	Difference
INDEX FUTURES	2223.72	2920.47	-696.75
INDEX OPTIONS	222.77	297.30	-74.53
STOCK FUTURES	1295.73	932.25	363.48
STOCK OPTIONS	19.87	3.76	16.11
TOTAL	3762.08	4153.77	-391.69

MOST ACTIVE STOCK CALL OPTIONS				
Strike	Curr. IV (%)	Pre. IV (%)	Curr. OI (%)	OI Chg %
RELIANCE 1800 C	37.32%	38.28%	454050	-9.43%
SBI 1500 C	53.12%	48.43%	201000	46.72%
IDBI 115 C	61.44%	71.02%	1303200	7.95%
CHAMBALFERT 50 C	114.85%	109.03%	1290300	54.55%
NAGARFERT 35 C	109.24%	108.64%	1106000	43.64%

MOST ACTIVE STOCK PUT OPTIONS				
Strike	Curr. IV (%)	Pre. IV (%)	Curr. OI (%)	OI Chg %
RELIANCE 1740 P	34.07%	39.75%	150300	31.67%
SBI 1470 P	50.37%	45.05%	60000	21.83%
IDBI 110 P	59.24%	73.20%	660000	3.38%
RPL 110 P	36.71%	43.62%	1591250	-0.63%
DLF 560 P	48.85%	20.61%	58800	13.08%

Recommendation Tracker

Date	Scripts	Buy/sell	Initiation Range	Stop loss	Target	Time frame	Remark
16-Aug-07	Nifty	Buy	4155	4145	4180-4200	Intraday	SL Triggered
13-Aug-07	IDFC	Buy	128	Trail SL 128	131-134	BTST	Closed
13-Aug-07	RPL	Buy	114	113	116-118	BTST	Closed
13-Aug-07	DLF	Buy	596	590	605-610	BTST	Target Achieved
9-Aug-07	Financail Tech	Buy	2151-2520	2485	2580-2650	5-7 Days	Stopped Out
8-Aug-07	Polaris	Buy	118.5	115.5	125-128	1-2 days	Target Achieved
8-Aug-07	Petronet 70 CA	Buy	1.3-1.5	-	3.00-4.00	3-4 days	Exit @ 1.6

Strategy Tracker

Date	Scripts	Buy/Sell	Strike/Option	Initiation Range	Max Profit	Max. Loss	Time
2-Aug-07	DLF	Buy	600	27-28			Expiry
		Sell	640	14-15		13	

For Private Circulation only

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."