



# daring derivatives



February 22, 2007

## Derivatives Summary

- The premium in the Nifty (February) futures increased to 12.65 points from 11.65 points and the futures shed around 44 lakh shares while the Nifty (March) futures added 41.4 lakh shares in the open interest.
- The total open interest in the market is Rs62,662 crore and there was an addition of around Rs73 crore in the open interest during the day.
- The Nifty stocks added 2.54 lakh shares in the open interest.
- Lupin (72%), IFCI (24%), OBC (14%), Ranbaxy (14%) & Tata Power (13%) were the top open interest gainers.
- BajajHind (-13%), ABB (-12%) & Balrampur Chini (-11%) shed open interest.
- IFCI (94%), Century Textile (92%), Arvind Mills (90%) Essar Oil (89%) and Nagarjuna Fertilisers (86%) are very close to their market wide position limits.

## Market View

The market opened on a positive note but soon witnessed selling pressure and the Nifty plunged into negative territory. The index witnessed a strong bounce back from the low of 4080 and remained in the positive zone for almost the entire afternoon session. Towards the close of the day there was aggressive selling in the market, which pulled the Nifty into the red. The index finally closed near the day's bottom. The volumes in the Nifty futures were relatively higher on account of the roll-over in the Nifty. The breadth of the market was negative. The Nifty futures continued to witness short roll-overs for the second consecutive day and shed around 2.5 lakh shares in the open interest. On the options side the implied volatility of the call options declined marginally indicating writing while the put options witnessed profit booking. The market is likely to open on a negative note and the sentiment remains cautious until the Nifty surpasses and sustains above 4116. Fresh long positions are advisable only if the Nifty sustains above 4120. The key support levels for the Nifty are 4060 and 4025 and there are resistances around 4120 and 4150.

NIFTY SNAPSHOT			
	Current	Previous	% Change
Nifty (Feb)	4101.1	4118.6	-0.42%
Nifty CoC	107.11%	51.77%	106.91%
OI	35745600	35990700	-0.68%
Vol	38299400	29690500	29.00%
PCR(OI)	1.26	1.33	-5.26%
PCR ( VOL)	1.18	1.01	16.83%

MOST ACTIVE INDEX CALL OPTION				
Strike	Curr. IV	Pre. IV	Curr. OI	OI Chg%
4150 C	23.78%	24.94%	2030300	17.79%
4100 C	22.31%	25.18%	3102800	2.45%
4200 C	28.56%	25.84%	3530700	0.14%
4100 MarC	24.10%	25.41%	1081200	7.57%
4200 MarC	22.82%	23.18%	1384400	4.25%

MOST ACTIVE INDEX PUT OPTION				
Strike	Curr. IV	Pre. IV	Curr. OI	OI Chg%
4100 P	18.54%	27.34%	2334000	-20.77%
4150 P	23.75%	24.02%	1107600	1.06%
4200 P	-	22.62%	1888300	-5.07%
4100 Mar P	30.92%	31.17%	1911900	11.98%
4050 P	24.24%	28.16%	790500	-1.56%

MOST ACTIVE STOCK FUTURES				
Strike	Curr. CoC	Pre. CoC	Curr. OI	OI Chg%
TATASTEEL	-15.97%	34.91%	13807125	-22.86%
RELIANCE	67.63%	54.18%	5329800	-20.87%
RCOM	114.57%	50.49%	9548000	-24.49%
BHARTIARTL	135.69%	-5.76%	4569000	-18.40%
PRAJIND	203.23%	104.47%	2489300	-11.88%

FII'S FUTURE & OPTIONS ACTIVITY (IN CRS)			
	Buy	Sell	Difference
INDEX FUTURES	2871.7	3345.61	-473.91
INDEX OPTIONS	372	110.14	261.86
STOCK FUTURES	3096.28	3130.38	-34.10
STOCK OPTIONS	16.97	0.33	16.64
TOTAL	6356.95	6586.46	-229.51

MOST ACTIVE STOCK CALL OPTIONS				
Strike	Curr. IV (%)	Pre. IV (%)	Curr. OI (%)	OI Chg %
TATASTEEL 450 C	40.80%	47.37%	618300	21.49%
RELIANCE 1410 C	30.45%	31.05%	663900	-1.43%
SAIL 120 C	78.20%	73.82%	2313900	7.39%
IDBI 95 C	80.63%	86.28%	1387200	8.65%
RPL 70 C	63.59%	59.15%	3226050	9.31%

MOST ACTIVE STOCK PUT OPTIONS				
Strike	Curr. IV (%)	Pre. IV (%)	Curr. OI (%)	OI Chg %
RELIANCE 1410 P	19.77%	22.09%	115200	5.49%
TATASTEEL 450 P	48.57%	40.66%	337500	0.60%
SBIN 1110 P	36.56%	40.11%	66500	12.71%
SAIL 115 P	65.00%	54.91%	307800	18.75%
RCOM 450 P	39.41%	42.34%	77000	26.44%

## Recommendation Tracker

Date	Scripts	Initiation Range	Stop loss	Target	Profit/ Loss	Remark
20-Feb-07	Praj Ind Buy	394-395	385	410-420	BTST	First target achieved
19-Feb-07	GMR Infra Buy	421-422	415	430-440	2-3 Days	Stop loss triggered
19-Feb-07	Divis Lab Buy	3490-3495	3465	3570-3650	2-3 Days	Stop loss triggered
15-Feb-07	Bajaj Auto Buy	3010-3014	2970	3065-3100	2-3 Days	First target achieved
15-Feb-07	Sail 115 Call Buy	2	-	6	Expiry	Target achieved
9-Feb-07	IVRCL Buy	420.75	417.5	430-437	Intraday	Stop loss triggered

## Strategy Tracker

Date	Scripts	Buy/Sell	Strike/Option	Initiation Range	Max Profit	Max. Loss	Time
8-Feb-07	Nifty	Buy	4200 P	54.5	77	23	Closed
	Nifty	Sell	4100 P	31.5			
21-Feb-07	IDFC	Buy	100 C	3	3.5	1.5	Open
	IDFC	Sell	105 C	1.5			

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