



# 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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