



daring derivatives



February 09, 2007

Derivatives Summary

- The discount in the Nifty (February) futures increased to 7.6 points from 5.15 points and the futures added around 5.39 lakh shares in the open interest.
- The total open interest in the market is Rs61,299 crore and there was an addition of around Rs1,508 crore in the open interest during the day.
- The Nifty stocks added 88.72 lakh shares in the open interest.
- SCI (28%), BEML (24%), IDFC (21%) & ABB (20%) were the top open interest gainers.
- IFCI (-12%), GMR Infra (-11%) & Relcap (-9%) shed open interest.
- Arvind Mills (96%), IDBI (96%), SRF (93%), Nagarjuna Fertilisers (91%) & India Cements (90%) are very close to their market wide position limits.

NIFTY SNAPSHOT			
	Current	Previous	% Change
Nifty (Feb)	4212.8	4219.1	-0.15%
Nifty CoC	-3.65%	-2.97%	22.91%
OI	34478700	33939100	1.59%
Vol	16374000	15625900	4.79%
PCR(OI)	1.78	1.8	-1.11%
PCR (VOL)	1.67	1.41	18.44%

MOST ACTIVE INDEX CALL OPTION				
Strike	Curr. IV	Pre. IV	Curr. OI	OI Chg%
4200 C	14.94%	14.53%	2081900	13.67%
4250 C	14.12%	14.28%	538900	26.18%
4100 C	17.94%	17.02%	2981800	0.07%
4300 C	13.57%	13.57%	459600	32.22%
4150 C	15.64%	15.91%	748800	2.63%

Market View

The market opened on a positive note but plunged into negative territory in the initial minutes of the trading session and touched an intra-day low of 4188. The market witnessed a strong bounce back from the day's low and traded in positive territory in the last few minutes of the session and finally closed almost flat at 4223.4. The breadth of the market was negative all through the day while the volumes in the Nifty futures were marginally higher than the volumes witnessed on the previous day. The Nifty futures added 5.39 lakh shares in the open interest towards the short side. On the options front the implied volatility of the call options witnessed a marginal increase while the implied volatility of the puts decreased indicating that the market is all set to show high volatility in the coming days. Hence it is advisable to hedge all open positions and try to reduce the leveraged positions. The market is likely to open on a flat note and should continue to witness high volatility during the day. The day traders are advised to trade long as long as the Nifty sustains above the 4200 level. The key support levels for the Nifty are 4200 and 4170 and there will be a resistance around 4250.

MOST ACTIVE INDEX PUT OPTION				
Strike	Curr. IV	Pre. IV	Curr. OI	OI Chg%
4200 P	19.48%	20.11%	1704300	5.50%
4100 P	23.66%	24.19%	4188600	4.26%
4150 P	21.95%	21.98%	870000	7.46%
3800 P	35.97%	35.51%	1429500	-0.90%
4000 P	27.38%	28.10%	3404300	0.32%

MOST ACTIVE STOCK FUTURES				
Strike	Curr. CoC	Pre. CoC	Curr. OI	OI Chg%
RCOM	19.95%	19.54%	17080000	6.05%
SAIL	17.07%	3.14%	19078200	0.73%
ICICIBANK	10.70%	3.47%	7806400	12.75%
GMRINFRA	17.05%	5.46%	5889000	3.55%
RELIANCE	-5.77%	4.80%	11511900	2.03%

MOST ACTIVE STOCK CALL OPTIONS				
Strike	Curr. IV (%)	Pre. IV (%)	Curr. OI (%)	OI Chg %
RELIANCE 1410 C	22.45%	23.24%	687000	-0.26%
RCOM 500 C	41.76%	50.24%	578200	13.77%
IDBI 110 C	61.03%	61.92%	3711600	10.42%
HINDALCO180 C	36.26%	28.38%	1507275	14.82%
SAIL 120 C	56.39%	48.09%	1503900	11.18%

MOST ACTIVE STOCK PUT OPTIONS				
Strike	Curr. IV (%)	Pre. IV (%)	Curr. OI (%)	OI Chg %
SAIL 110 P	47.28%	50.68%	772200	26.55%
TATASTEEL 460 P	32.82%	32.71%	227475	13.85%
RELIANCE 1380 P	25.87%	22.68%	154500	18.39%
HINDALCO 180 P	28.17%	31.30%	218515	3.01%
SBIN 1200 P	28.33%	29.30%	79000	8.22%

Recommendation Tracker

Date	Scripts	Initiation Range	Stop loss	Target	Profit/ Loss	Remark
8-Feb-07	ICICI Bank Buy	989	979.5	1005-1020	1-2 Days	Open
8-Feb-07	Nifty Buy	4200	4185	4220-4250	Intraday	First target achieved
7-Feb-07	Cummins Buy	282.5	278.8	290-295	1-2 Days	Target achieved
7-Feb-07	Siemens Buy	1200	1188	1235-1270	2-3 Days	Open

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	Expiry / Open
	Nifty	Sell	4100 P	31.5			

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