



# daring derivatives



May 23, 2007

## Derivatives Summary

- Nifty (May) futures' turn into discount of 0.65 from a premium of 1.7 and added around 1 lakh shares in open interest while Nifty (Jun) futures added around 5 lakh shares in open interest.
- The total open interest in the market was 63,000 crore and added around 1,931 crore in open interest.
- Nifty calls added 4.4 lakh shares and puts added 7.9 lakh shares in open interest.
- IOB (22%), Oriental Bank (19%), R Com (19%), GTL (14%) and VSNL (14%) were the top interest gainers in the market.
- Triveni (-27%), Corporation Bank (-15%), Indian Bank (-11%) and UTI (-11%) were the top open interest losers in the market.
- Nagarjuna Fertilizer (95%), Arvind Mill (95%), Parsvnath (95%), IFCI (91%) and SRF (90%) are very close to their market wide position limits.

## Market View

The market opened on a slightly negative note, then went up to touch 4267 but suddenly came down to the bottom of the day at 4242. From then onward it traded in the range of 20 points. But towards closing it gained an upward momentum and closed up by 18 points, again making a new high. Volumes in Nifty futures were slightly higher than yesterday, indicating day traders' reluctance to participate at this level. Nifty futures have added around 6 lakh shares in open interest with a decrease in cost of carry, indicating fresh short accumulation. On the option front, we have seen writing in both calls and puts with decreasing implied volatility. The huge open interest build-up is a cause for worry but the other indicators are positive about market. So it is better to remain cautious at these levels. The market is likely to open on a flat to positive note and might see some profit booking towards the later part of the day. Key support levels for the Nifty are 4220 and 4190 and the resistance will be around 4290 and 4320.

| NIFTY SNAPSHOT |          |          |          |
|----------------|----------|----------|----------|
|                | Current  | Previous | % Change |
| Nifty (Mar)    | 4277.45  | 4262.6   | 0.35%    |
| Nifty CoC      | -0.62%   | 1.46%    | -142.31% |
| OI             | 33004350 | 32382050 | 1.92%    |
| Vol            | 14205400 | 13498100 | 5.24%    |
| PCR(OI)        | 1.49     | 1.48     | 0.68%    |
| PCR ( VOL)     | 1.08     | 1.58     | -31.65%  |

| MOST ACTIVE INDEX CALL OPTION |          |         |          |          |
|-------------------------------|----------|---------|----------|----------|
| Strike                        | Curr. IV | Pre. IV | Curr. OI | OI Chg%  |
| 4200 C                        | 17.48%   | 20.19%  | 2252050  | -2.47%   |
| 4300 C                        | 17.46%   | 18.40%  | 922700   | 130.68%  |
| 4250 C                        | 18.37%   | 19.77%  | 1264400  | -0.76%   |
| 4300Jun C                     | 21.97%   | 22.38%  | 924100   | 2503.10% |
| 4200Jun C                     | 22.16%   | 22.60%  | 872450   | 321.17%  |

| MOST ACTIVE INDEX PUT OPTION |          |         |          |         |
|------------------------------|----------|---------|----------|---------|
| Strike                       | Curr. IV | Pre. IV | Curr. OI | OI Chg% |
| 4200 P                       | 20.41%   | 20.37%  | 2050300  | 35.22%  |
| 4100 P                       | 21.73%   | 23.91%  | 3515600  | 9.27%   |
| 4250 P                       | 18.73%   | 19.56%  | 714150   | 69.15%  |
| 4200Jun P                    | 23.97%   | 24.06%  | 1345550  | 110.80% |
| 4000 P                       | 27.96%   | 25.11%  | 3000050  | -13.19% |

| MOST ACTIVE STOCK FUTURES |           |          |          |         |
|---------------------------|-----------|----------|----------|---------|
| Strike                    | Curr. CoC | Pre. CoC | Curr. OI | OI Chg% |
| REL CAPITAL               | -8.37%    | -13.56%  | 4665100  | -9.56%  |
| RELIANCE                  | -11.96%   | -7.15%   | 6821850  | 3.23%   |
| RCOM                      | 26.51%    | 8.63%    | 14245000 | 15.66%  |
| CENTURYTEX                | 9.12%     | 16.24%   | 5698400  | 0.12%   |
| INFOSYS                   | 21.36%    | 13.78%   | 5709800  | 3.34%   |

| FII'S FUTURE & OPTIONS ACTIVITY (IN CRS) 22 MAY |         |         |            |
|---|---------|---------|------------|
|   | Buy     | Sell    | Difference |
| INDEX FUTURES                                   | 1028.63 | 598.24  | 430.39     |
| INDEX OPTIONS                                   | 850.37  | 658.02  | 192.35     |
| STOCK FUTURES                                   | 572.86  | 779.3   | -206.44    |
| STOCK OPTIONS                                   | 0.71    | 4.5     | -3.79      |
| TOTAL   | 2452.57 | 2040.06 | 412.51     |

| MOST ACTIVE STOCK CALL OPTIONS |              |             |              |          |
|--------------------------------|--------------|-------------|--------------|----------|
| Strike                         | Curr. IV (%) | Pre. IV (%) | Curr. OI (%) | OI Chg % |
| RELIANCE 1770 C                | 21.51%       | 24.67%      | 196200       | 440.50%  |
| TATASTEEL 620 C                | 36.30%       | 29.45%      | 702675       | 23.49%   |
| INFOSYS 2010 C                 | 33.67%       | 30.45%      | 328100       | 53.17%   |
| RELCAP1020 C                   | 57.96%       | 59.09%      | 182050       | 0.00%    |
| RCOM 520 C                     | 75.24%       | 19.01%      | 219100       | 240.22%  |

| MOST ACTIVE STOCK PUT OPTIONS |              |             |              |          |
|-------------------------------|--------------|-------------|--------------|----------|
| Strike                        | Curr. IV (%) | Pre. IV (%) | Curr. OI (%) | OI Chg % |
| RELIANCE 1710 P               | 30.24%       | 29.03%      | 169650       | 322.01%  |
| TATASTEEL 600 P               | 38.35%       | 36.13%      | 402300       | 118.32%  |
| SBIN 1320 P                   | 32.17%       | 32.35%      | 120000       | 47.24%   |
| RELCAP1000 P                  | 59.90%       | 54.95%      | 31350        | 0.00%    |
| INFOSYS 1920 P                | 22.97%       | 27.68%      | 27900        | 53.30%   |

## Recommendation Tracker

| Date      | Scripts         | Buy/sell | Initiation Range | Stop loss | Target    | Time frame | Remark              |
|-----------|-----------------|----------|------------------|-----------|-----------|------------|---------------------|
| 22-May-07 | Satyam          | Buy      | 453-454          | 448.5     | 465-475   | 2-3 Days   | EXIT                |
| 21-May-07 | Petronet        | Buy      | 51.5             | 50        | 54-55     | 2-3 Days   | EXIT                |
| 18-May-07 | Polaris         | Buy      | 175              | 170.5     | 185-190   | 4-5 Days   | Stop loss triggered |
| 17-May-07 | Hindlever       | Buy      | 198-199          | 195.5     | 205-210   | 3-4 Days   | Stop loss triggered |
| 17-May-07 | Gujamb 125 Call | Buy      | 2.7              | -         | 6--8      | Expiry     | Open                |
| 17-May-07 | Cairns          | Buy      | 140.5            | 137.4     | 146-150   | 1-2 Days   | Target achieved     |
| 16-May-07 | Nifty           | Buy      | 4145             | 4120      | 4180-4210 | 1-2 days   | Target achieved     |

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