



daring derivatives



December 27, 2011

Derivatives Summary

- Nifty (December) futures' premium over spot Nifty has increased to 8.70 points from 6.60 points.
- Total open interest in the market was Rs134,653 crore and Rs2,219 crore was added in open interest.
- Nifty call options underwent a reduction by 21.44 lakh shares in open interest whereas put options added 23.51 lakh shares in open interest.
- Core Education & Technologies (27%), Hotel Leela (24%), MTNL (20%), Punjab National Bank (15%) and SREI Infrastructures (15%) were the top open interest gainers in the market.
- DLF (-11%), S Kumar's Nationwide (-11%), Videocon Industries (-11%) and JSW Energy (-10%) were the top open interest losers in the market.
- Overall volumes in futures & options stood at 49.32 lakh contracts with a turnover of Rs115,801 crore whereas volumes in Nifty futures were lower compared with previous trading volumes.

Market commentary

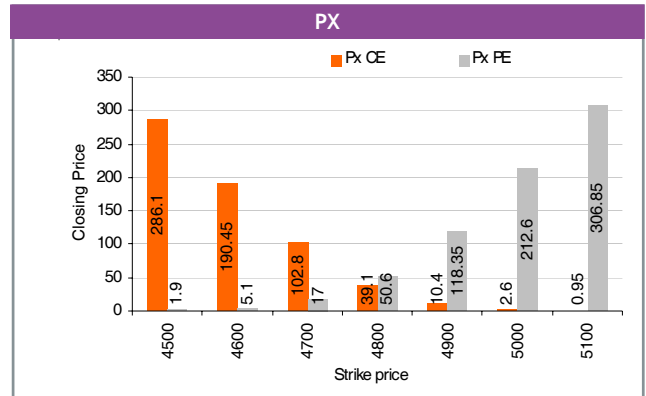
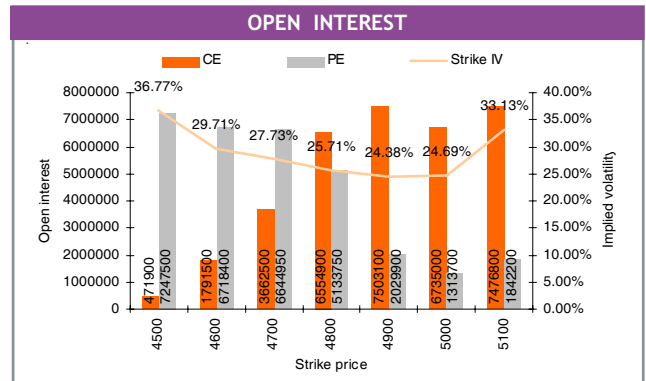
Bulls rejoice

The Nifty commenced trading on the last week of the calendar year 2011 on a flattish to positive note. Sustained buying across most sectors supported the bulls in marching northwards and the market remained firm all through the day. Supportive gains in Hero MotoCorp, Bharti Airtel, Reliance Communications, Infosys, Tata Steel and TCS along with other heavy weights supported the market trade in the positive terrain. The Nifty finally shut shop higher by 65 points or 1.38% at 4779 which is near the day's high. A majority of Asian, US and European markets were shut today on the eve of Christmas.

Daily view

- Around 0.94 lakh shares were added in open interest with an increase in the cost of carry indicating fresh long positions continued to build up in the market.
- On the options front, implied volatility has cooled off marginally by 50-100 basis points indicating buying will continue to emerge at lower levels.

NIFTY SNAPSHOT			
	Current	Previous	% Change
Nifty (Curr. MTH)	4787.7	4720.6	1.42%
Nifty CoC	22.15%	8.52%	160.05%
OI	25322400	25227600	0.38%
Vol	16817600	19741550	-14.81%
PCR(OI)	0.95	0.90	5.56%
PCR (VOL)	0.96	0.90	6.67%



MOST ACTIVE INDEX CALL OPTION					
Strike	Curr. IV	Pre. IV	Curr. OI	Chg OI %	Chg IV %
4800 C	25.94%	24.09%	6554900	9.33%	7.71%
4700 C	27.01%	24.00%	3662500	-16.53%	12.53%
4900 C	26.54%	24.30%	7503100	4.86%	9.23%
5000 C	28.88%	26.54%	6735000	-1.31%	8.82%
5100 C	33.13%	29.66%	7476800	-4.27%	11.70%
Average IV	28.30%	25.72%	-	-	10.05%

MOST ACTIVE INDEX PUT OPTION					
Strike	Curr. IV	Pre. IV	Curr. OI	Chg OI %	Chg IV %
4700 P	28.46%	25.03%	6644950	24.16%	13.72%
4800 P	25.48%	23.97%	5133750	42.45%	6.30%
4600 P	31.80%	25.82%	6718400	-0.32%	23.14%
4500 P	36.77%	28.34%	7247500	-1.11%	29.74%
4400 P	44.92%	31.22%	3996850	-21.53%	43.87%
Average IV	33.48%	26.88%	-	-	24.59%

Derivative Activity

MOST ACTIVE STOCK CALL OPTIONS					
Strike	Curr. IV (%)	Pre. IV (%)	Curr. OI	OI Chg %	IV Chg %
SBIN 1700 C	49.19%	42.40%	528000	17.50%	16.01%
RELIANCE 760 C	40.48%	36.11%	386250	-9.91%	12.12%
TATASTEEL 360 C	50.87%	48.18%	665000	-9.15%	5.57%
TATAMOTORS 190 C	44.34%	40.60%	3048750	8.06%	9.21%
IFCI 22.5 C	57.13%	57.69%	4296000	-3.94%	-0.97%

MOST ACTIVE STOCK PUT OPTIONS					
Strike	Curr. IV (%)	Pre. IV (%)	Curr. OI	OI Chg %	IV Chg %
SBIN 1650 P	49.97%	42.57%	181875	11.24%	17.38%
RELIANCE 760 P	42.31%	35.26%	269500	66.10%	19.99%
TATAMOTORS 180 P	53.61%	45.23%	2166250	-2.09%	18.52%
HINDALCO 120 P	61.51%	50.85%	1622000	-1.99%	20.96%
TATASTEEL 340 P	63.08%	50.76%	422500	12.07%	24.26%

MOST ACTIVE STOCK FUTURES				
Strike CoC	Curr. CoC	Pre OI	Curr. OI	Chg. OI %
SBIN	29.58%	-3.51%	4323375	-17.76%
RELIANCE	41.57%	19.97%	8411000	-16.52%
ICICIBANK	3.34%	-0.42%	6993000	-8.23%
TATASTEEL	54.43%	15.76%	9281000	-12.77%
AXISBANK	-34.88%	-71.21%	6130500	-9.93%

FII'S FUTURE & OPTIONS ACTIVITY (IN CRS) 23 DEC 2011			
	Buy	Sell	Difference
INDEX FUTURES	1633.20	1554.24	78.96
INDEX OPTIONS	20624.26	20620.51	3.74
STOCK FUTURES	4254.43	4355.67	-101.23
STOCK OPTIONS	452.52	458.54	-6.02
TOTAL	26964.41	26988.97	-24.55

View

Weekly

VWAP	Trend	Lower Range	Higher Range
4800	↓	4500	4800*

*If Nifty is above VWAP (Volume Weighted Average Price) on closing basis then bias is positive and if closes below then bias is negative

Monthly

Lower Range	Higher Range
4500	4800*

*On closing basis

Futures: Advance Decline (AD) Ratio

Advance	170
Decline	56
Unchanged	7
Total	233
AD Ratio	3.04

Derivative Calls

Date	Scripts	Buy/Sell	Initiation Range	Stoploss	Target	Remark
21-Dec-11	Tata Motors	Buy	178.50-179	178.75 @	185-187	Targets Achieved

Derivative Ideas

Date	Scripts	Buy/Sell	Initiation Range	Stoploss	Target	Time Frame	Remark
26-Dec-11	SAIL (Dec)	Sell	81.5	0	0	Expiry	Book Profits @ 81.10
26-Dec-11	Tata Steel (Dec)	Buy	353	0	0	Expiry	Book Profits @ 360.50
26-Dec-11	Nifty PE 4800	Buy	64-65	51	87-116	1-2 Days	Exit @ 54.50
22-Dec-11	Nifty	Buy	4684-4685	4660	4710-4735	Intraday	Stopped Out

Pair Trade

Date	Scripts	Buy/Sell	Initiation Range	CMP	Lot Size	Adj Shares (Cash)	Remark
23-Dec-11	Axis Bank	Buy	883-885	863	250	0	Closed
23-Dec-11	ICICI Bank	Sell	728-729	717.5	250	0	

Strategy Tracker - 5

Date	Scripts	Buy/Sell	Initiation Range	Stoploss	Target	Timeframe	Remark	Mark to Market
7-Dec-11	Nifty CE 5200 (2lots)	Buy	83-85	0	0	Expiry	Open @ 0.50	-3300.00
7-Dec-11	Nifty CE 5400 (4lots)	Sell	25-26	0	0	Expiry	Open @ 0.35	

Strategy Tracker - 4

Date	Scripts	Buy/Sell	Initiation Range	Stoploss	Target	Timeframe	Remark	Booked P&L
1-Dec-11	Nifty PE 4900 (2 Lots)	Buy	99-100	0	0	Expiry	Book Profits @ 339.50	-706.00
1-Dec-11	Nifty PE 4700 (4 Lots)	Sell	49-50	0	0	Expiry	Close @ 172.00	

Strategy Tracker - 3

Date	Scripts	Buy/Sell	Initiation Range	Stoploss	Target	Timeframe	Remark	Mark to Market
30-Nov-11	DLF PE 190 (1 Lot)	Buy	7.80-7.9	0	0	Expiry	Open @ 1.40	650.00
30-Nov-11	DLF PE 180 (1 Lot)	Sell	4.80-4.90	0	0	Expiry	Open @ 0.45	
30-Nov-11	DLF PE 170 (1 Lot)	Sell	2.80-2.90	0	0	Expiry	Open @ 0.20	

Strategy Tracker - 2 (Derivative Calls)

Date	Scripts	Buy/Sell	Initiation Range	Stoploss	Target	Timeframe	Remark	Mark to Market
29-Nov-11	Tata Steel CE 420 (1 Lot)	Buy	8-9	0	0	Expiry	Close @ 1.25	575.00
29-Nov-11	Tata Steel CE 440 (2 Lots)	Sell	4.20-4.40	0	0	Expiry	Open @ 0.10	

Strategy Tracker - 1

Date	Scripts	Buy/Sell	Initiation Range	Stoploss	Target	Timeframe	Remark	Mark to Market
29-Nov-11	Nifty CE 5000 (1 Lot)	Buy	62-63	0	0	Expiry	Close @ 60.00	620.00
29-Nov-11	Nifty CE 5000 (1 Lot)	Buy	62-63	0	0	Expiry	Close @ 10.75	
29-Nov-11	Nifty CE 5100 (2 Lots)	Sell	34-35	0	0	Expiry	Open @ 0.75	



Attend a FREE Power Trading Workshop

[Click here to know more](#)

For Private Circulation only



Sharekhan
Your guide to the financial jungle

Sharekhan Ltd, Regd Add: 10th Floor, Beta Building, Lodha iThink Techno Campus, Off. JVLR, Opp. Kanjurmarg Railway Station, Kanjurmarg (East), Mumbai - 400 042, Maharashtra. Tel: 022 - 61150000. BSE Cash-INB011073351; F&O- INF011073351; NSE - INB/INF231073330; CD - INE231073330; MCX Stock Exchange: CD - INE261073330 DP: NSDL-IN-DP-NSDL-233-2003; CDSL-IN-DP-CDSL-271-2004; PMS INP000000662; Mutual Fund: ARN 20669. Sharekhan Commodities Pvt. Ltd.: MCX-10080; (MCX/TCM/CORP/0425); NCDEX -00132; (NCDEX/TCM/CORP/0142)

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."