

Daring Derivatives

September 01, 2017

Index

Punter's Call

Derivative Activity

Derivative Calls

Visit us at www.sharekhan.com

Sharekhan

by BNP PARIBAS

Punter's Call

Nifty closed above 9900

Derivatives summary

- Nifty (Sep) futures premium decreased significantly from 28.85 points to 19.30 points with 1.64 crore shares in open interest.
- Total open interest in the market was Rs 247,300 crore and Rs 62,878 crore was added in open interest.
- Market wide rollover was at 83.94% v/s 79.66%. Rollover in Nifty futures was at 57.96% v/s 68.41% in the last expiry.
- MANAPPURAM (94%), JSWENERGY (93%), IBREALEST (93%), CENTURYTEX (93%) and RELINFRA (92%) witnessed good rollover in the next series.
- INFRATEL (56%), JUSTDIAL (59%), NTPC (60%), ARVIND (62%) and RBLBANK (64%) witnessed low rollover in the next series.

Market commentary

The last day of August series began on a positive note above 9900 levels with positive cues from the international markets. Later, soon after the first hour of the trade, the Nifty continued to trade in a narrow range of 15-20 and oscillated between negative and positive territory several times. Further, post lunch, it moved higher due to significant short covering in many large cap counters like IDEA, WIPRO, BAJAJ-AUTO, TATAPOWER and RELIANCE which were up anywhere in the range of 2-3%. At the end, it closed on near an intraday high at 9917 registering a gain of around 0.30%.

Daily view

- On the options front in the September series, 9700 PE stands with the highest number of shares in the open interest (OI) followed by 9800 strike price. Whereas on call side, 10000 CE stands with the highest number of shares in the open interest (OI) followed by 10500 strike price.
- Nifty started the first half of the August series on a negative note and moved one side in the southward direction and touched 9700 from 10200 levels. In this whole journey, the index has seen significant amount of addition in OI which was more of short addition. However the rollover in the next series was been on the lower side at around 57.96% compared to its 3 month average of 71% indicating that majority of the short position have not carried forward. PCR have been trading above 1.00 throughout the August series and also touched the high of 1.30 levels in this series. However in the September series it started on the higher side at 1.33, which is a positive sign for the market. Volatility index on the other end did shoot up in the first half of the August series to around 15.50-16.00 levels but later on it cooled off and settled anywhere around 12.00 level. Seeing the above data with low rollover of shorts, we feel that after a long consolidation the Nifty in the range of 9800-10000 could now inch higher and going forward it could see further upside and can retest the level of 10200 again in the first half of the September series.

Nifty F&O snapshot

	Current	Previous	Change %
Nifty (Curr. MTH)	9937.2	9883.6	0.54%
Nifty CoC	2.54%	-2.95%	185.87%
OI	16410825	26922300	-39.04%
Vol	10508100	5004975	109.95%
PCR (OI)	1.33	1.19	11.76%
PCR (VOL)	1.02	1.01	0.99%
Avg. Call IV	9.96%	11.25%	-11.44%
Avg. Put IV	12.29%	11.85%	3.72%
India VIX	11.95	12.89	-7.29%

Currency watch

	Current	Previous	Change %
USD vs INR	63.90	63.96	-0.09%

Looking Trendy

Monthly view on Nifty

Lower Range*	Higher Range*
9666	10134

*On a closing basis

Daily view on Nifty

5-day VWAP*	Lower Range	Higher Range
9882	9882	9950

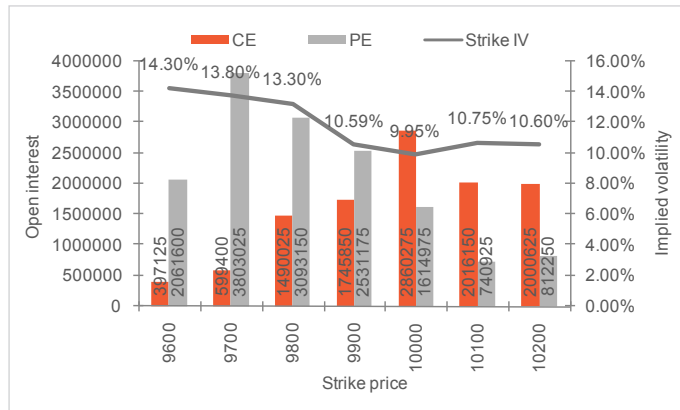
* Volume-weighted average price (VWAP) is the ratio of the value traded to total volume traded over a particular time horizon. It is a measure of the average price a stock traded at over the trading horizon.

A lower range and higher range for the day is normally defined by the support and resistance level respectively.

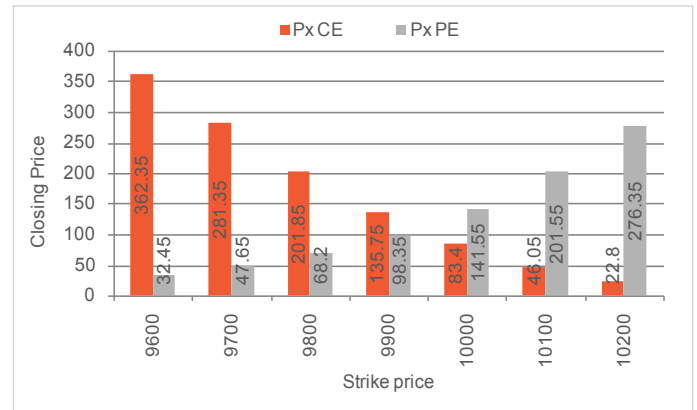
Advance / Decline ratio in futures

Advance	153
Decline	64
Unchanged	2
Total	219
AD Ratio	2.39

Nifty option strikes OI



Nifty option strikes prices



Derivative Activity

Most active index call option

Strike	Curr. IV (%)	Pre. IV (%)	Curr. OI	OI Chg %	IV Chg %
10000 C	10.17%	11.49%	2860275	42.50%	-11.49%
9900 C	10.60%	12.21%	1745850	42.02%	-13.18%
10100 C	9.81%	10.93%	2016150	35.88%	-10.25%
10200 C	9.56%	10.69%	2000625	39.62%	-10.61%
10300 C	9.66%	10.91%	1378950	40.06%	-11.45%
Average IV	9.96%	11.25%	-	-	-11.44%

Most active index put options

Strike	Curr. IV (%)	Pre. IV (%)	Curr. OI	OI Chg %	IV Chg %
9800 P	11.46%	10.84%	3093150	31.89%	5.78%
9900 P	10.58%	9.72%	2531175	67.92%	8.91%
9700 P	12.37%	11.93%	3803025	49.21%	3.66%
9600 P	13.11%	12.92%	2061600	24.91%	1.48%
9500 P	13.91%	13.82%	2765925	24.27%	0.61%
Average IV	12.29%	11.85%	-	-	3.72%

Most active stock call options

Strike	Curr. IV (%)	Pre. IV (%)	Curr. OI	OI Chg %	IV Chg %
HDFCBANK 1800 C	14.71%	13.78%	304500	13.62%	6.77%
INFY 1020 C	32.16%	32.64%	312000	15.77%	-1.47%
YESBANK 1800 C	25.77%	26.89%	193550	22.89%	-4.16%
COALINDIA 240 C	21.21%	22.84%	715700	207.30%	-7.12%
RELIANCE 1600 C	20.76%	22.33%	967000	66.72%	0.00%

Most active stock put options

Strike	Curr. IV (%)	Pre. IV (%)	Curr. OI	OI Chg %	IV Chg %
INFY 900 P	25.18%	25.37%	499000	52.83%	-0.73%
MARUTI 7400 P	18.74%	16.69%	42750	185.00%	12.31%
RELIANCE 1600 P	20.39%	17.22%	290000	108.63%	18.44%
SBIN 270 P	23.83%	22.49%	2148000	26.50%	5.96%
ICICIBANK 290 P	23.78%	23.26%	627000	29.55%	2.20%

Most active stock futures (Current Month)

Scripts	Curr. CoC	Pre. CoC	Curr. OI	Chg. OI %
INFY	4.70%	-0.75%	34982500	33.72%
RELIANCE	4.29%	-0.04%	14626500	60.39%
SUNPHARMA	-3.52%	0.13%	35283200	32.68%
HDFCBANK	-4.66%	-1.60%	19724000	25.30%
YESBANK	7.18%	-0.97%	7926450	74.53%

FIIs' F&O activity (in cr) August 31, 2017

	Buy	Sell	Difference
INDEX FUTURES	4861.37	4619.94	241.43
INDEX OPTIONS	65106.66	66064.50	-957.84
STOCK FUTURES	19258.65	19326.19	-67.54
STOCK OPTIONS	6408.85	6543.62	-134.77
TOTAL	95635.52	96554.25	-918.72

Derivative Calls

Date	Scripts	Buy/Sell	Initiation Range	Stoploss	Target	Remark
31-Aug-2017	ICICIBANK PE 300	BUY	1.7	0.40	4.00-6.00	EXIT @ 1.80
31-Aug-2017	TATASTEEL PE 330	BUY	1.7	0.40	4.00-6.00	STOPPED OUT
30-Aug-2017	NIFTY PE 9850	BUY	17.5	5.80	45.00-55.00	STOPPED OUT

Sharekhan

by BNP PARIBAS

Know more about our products and services

Disclaimer: This document has been prepared by Sharekhan Ltd. (SHAREKHAN) and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation and any review, retransmission, or any other use is strictly prohibited. This Document is subject to changes without prior notice. Kindly note that this document is based on technical analysis by studying charts of a stock's price movement and trading volume, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. (Technical specific) This document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, 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 obtained from publicly available data or other sources believed to be reliable and SHAREKHAN has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. 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. 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. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. 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 licencing 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.

The analyst certifies that the analyst has not dealt or traded directly or indirectly in securities of the company and that all of the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of SHAREKHAN. The analyst further certifies that neither he nor his relatives has any direct or indirect financial interest nor have actual or beneficial ownership of 1% or more in the securities of the company nor have any material conflict of interest nor has served as officer, director or employee or engaged in market making activity of the company. Further, the analyst has also not been a part of the team which has managed or co-managed the public offerings of the company and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document.

Either SHAREKHAN or its affiliates or its directors or employees / representatives / clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. 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.

Compliance Officer: Ms. Namita Amod Godbole; Tel: 022-61150000; For any queries or grievances kindly email igc@sharekhan.com or contact: myaccount@sharekhan.com

Registered Office: Sharekhan Limited, 10th Floor, Beta Building, Lodha iThink Techno Campus, Off. JVLR, Opp. Kanjurmarg Railway Station, Kanjurmarg (East), Mumbai – 400042, Maharashtra. Tel: 022 - 61150000. Sharekhan Ltd.: SEBI Regn. Nos.: BSE: INB/INF011073351 / BSE-CD; NSE: INB/INF/INE231073330 ; MSEI: INB/INF261073333 / INE261073330 ; DP: NSDL-IN-DP-NSDL-233-2003 ; CDSL-IN-DP-CDSL-271-2004; PMS-INP000000662 ; Mutual Fund-ARN 20669 ; Research Analyst: INH000000370; For any complaints email at igc@sharekhan.com ; Disclaimer: Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T & C on www.sharekhan.com ; Investment in securities market are subject to market risks, read all the related documents carefully before investing.