

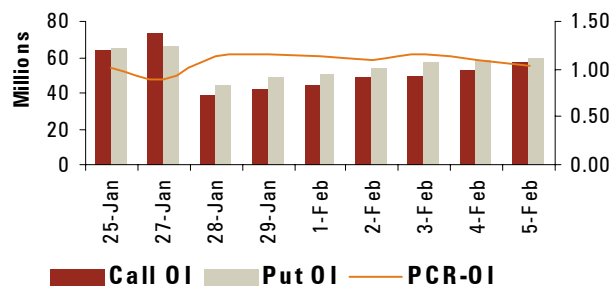
NIFTY HIGHLIGHTS:

- ❑ The Nifty spot has further dropped by 3.35% to close at 4718 from the previous week's close of 4882
- ❑ The total futures OI in the market stands at Rs 47002 crore whereas all options OI stands at Rs 60265 crore

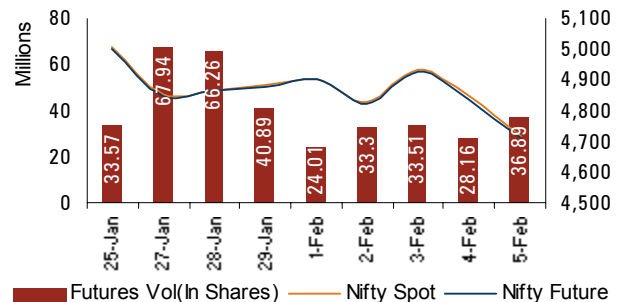
Technical Outlook

- The Nifty continued to hold 4800 levels in the early part of the week. However, it gave up on consistent overhead supply in the 4900-4950 zone and tested 4700 mark indicating weakness
- Recent lows at 4700 are on the lower trend line of the bigger channel joining the highs of 5182 (October 20) and 5310 (January 6) and drawing a parallel line joining the lows of 4539 (November 3). The level of 4700-4670 also appears to be a value area as the recent correction has almost equalled the correction post Diwali, which saw the Nifty correcting 643 points (5182-4539). The recent fall from 5311 to 4692 has so far completed 619 points
- However, we need to see sustainability above 4800 as a first indication of the trend reversal and then confirmation of the same above 4900. We expect 4700-4670 levels to act as decent supports for the coming week. However, 4850-4910 could emerge as a supply zone
- We, therefore, feel the Nifty could trade in a range of 4700-4900 levels for the coming week

Put Call Ratio



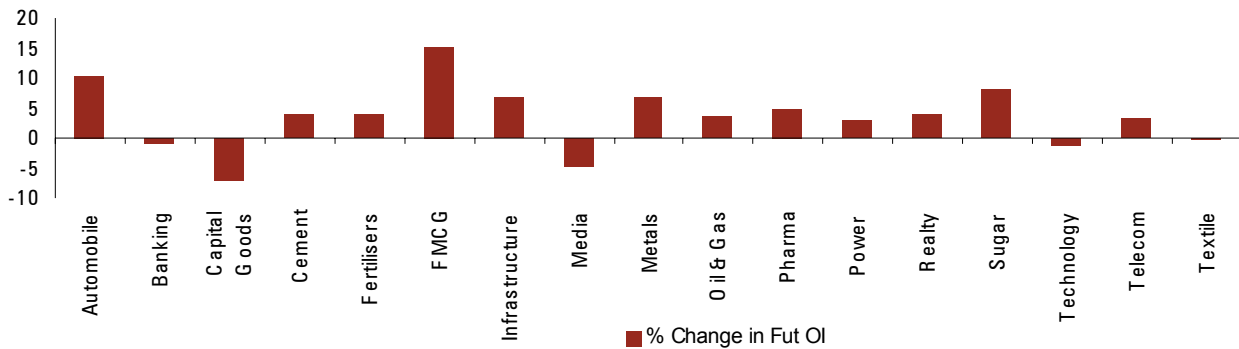
Cost of Carry



Derivative Outlook:

- The PCR-OI after falling to 1.10 on Tuesday once again bounced back to 1.15 on Wednesday. However, it dropped to 1.04 on Friday. This was on account of humongous accretion of OI in 4700, 4900 and 5000 strike price Calls along with decent unwinding seen in 5000 Put
- Approximately, 62,000 lots got added in 4900 Call whereas some 46000 lots got accredited in 4500 Put, thus signifying the broader range for Nifty to be 4500-4900 for the coming week. The maximum Call OI base continues to stand at 5000 with 5.5 million shares while the largest Put OI is still at 4800 with 5.3 million shares. The 4800 Put base had reached the 7.4 million shares mark by mid week. However, due to turmoil in global markets a chunk of Put writers exited from this strike price
- The Nifty Implied Volatility is currently at 28.25 while Historical Volatility is at 27.45. Average ATM Call IVs are at 27.20 while that of Put IVs are at 28.38
- Although the net OI change in Nifty futures is negligible, shorts got added on Tuesday, Thursday and Friday whereas short covering was seen on Wednesday. Nifty futures volume was on a rising trend throughout the week from 4.80 lakh lots on Monday to nearly 7.4 lakh lots on Friday. The current month futures OI is at 627526 lots wherein we believe most of these open positions are on the short side. A breach below 4700 could initiate further shorts in the system and trigger remaining long positions, taking the Nifty to 4600 levels. However, a decisive close above 4800 could result in some short covering helping index to once again test 4900
- Stocks with a positive bias (high cost of carry) are Sterling Biotech, Triveni, Kingfisher Airlines and Indian Overseas Bank

Sector wise Open Interest



- The FMCG sector added maximum OI followed by automobile, infrastructure, sugar and metals. Unwinding was observed in capital goods and media
- In FMCG space, hefty accretion of OI on the long side was seen in Titan Industries and Dabur whereas shorts got added in ITC, Hindustan Unilever and Voltas
- In the auto sector, some long positions got added in Hero Honda while short build up was seen in most other counters
- In the infrastructure space, we saw short build up in GMR and Lanco Infra whereas short covering was witnessed in IVRCL Infra
- In the sugar sector, hefty accretion of shorts was observed in Renuka and Bajaj Hindustan
- In the metals space, short build up was observed in Hindalco, Tata Steel, SAIL and Hindustan Zinc
- Long unwinding was seen in most capital goods and media counters

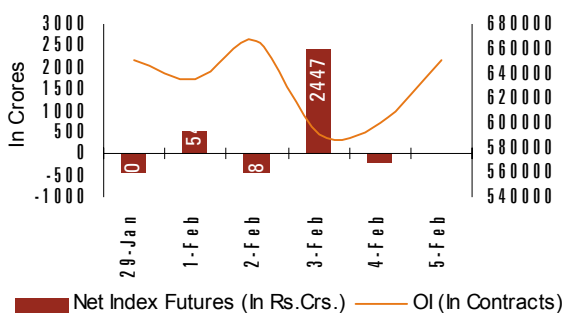
Weekly Open Interest Gainers

Scrip	Open Interest (shares)	OI Change (%)	Price (in Rs)	Price Change (%)
GAIL	3,592,125	66.74	414.80	5.12
DRREDDY	1,226,400	51.11	1,148.75	2.79
ITC	10,135,125	50.18	248.05	-0.66
RANBAXY	3,476,800	44.15	405.30	-11.04
NTPC	29,818,750	35.25	202.90	-4.09

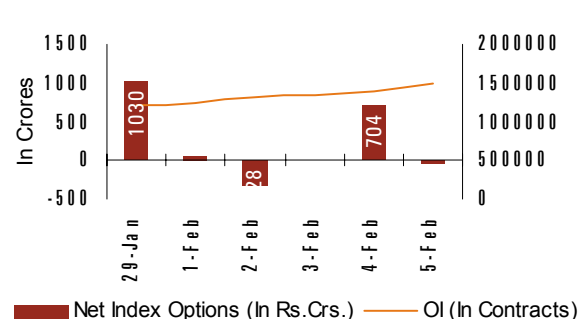
Weekly Open Interest Losers

Scrip	Open Interest (shares)	OI Change (%)	Price (in Rs)	Price Change (%)
IVRCLINFRA	2,946,000	-19.00	310.65	0.52
POLARIS	2,382,800	-17.94	155.45	-1.96
MPHASIS	2,345,600	-17.66	698.45	3.37
DENABANK	8,163,750	-16.89	74.10	-4.82
EKC	2,620,000	-15.65	119.90	-9.65

FII Index Futures



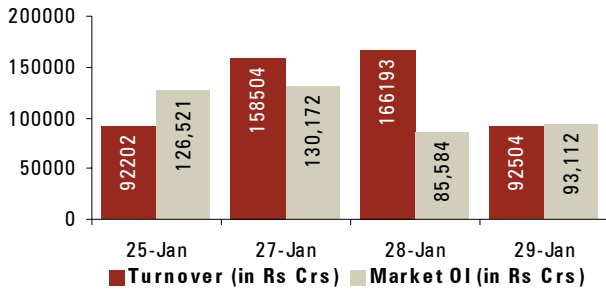
FII Index Options



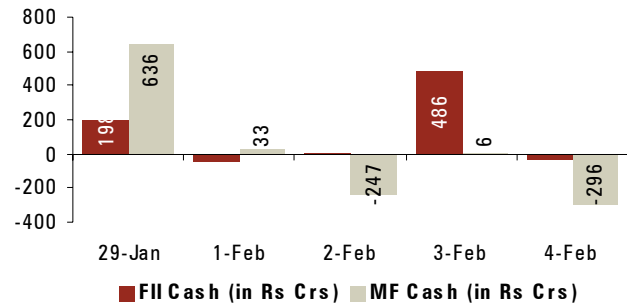
- The FII index futures data shows a net buy of Rs 2389 crore along with a miniscule rise in OI by 0.12%

- FII index options data shows a net buy of Rs 380 crore along with an increase in OI by 23%

Turnover v/s Market Open Interest



FII v/s MF Cash Figures



- The total F&O turnover, on an average, has surged by 47% over the week with the highest ever turnover recorded on the expiry day whereas the market OI dropped by 26% on account of January expiry

- FII's have bought stocks worth Rs 603 crore, whereas MFs were buyers to the tune of Rs 132 crore over the week

NOTE: The week for MF and FII cash figures is considered from last Friday to this Thursday

Weekly Derivatives Strategy

i) Scrip : NIFTY CMP : Rs. 4757/- Lot Size : 50 Exercise Day (F & O) : 25 February, 2010

View: Range Bound

Strategy: Delta Gamma Neutral Strategy

Buy/Sell	Qty	Scrip	Strike Price	Series	Option Type	Market Price(Rs.)
BUY	50	Nifty	4700	February	Put	Below 91
SELL	100	Nifty	4800	February	Put	Above 136
BUY	50	Nifty	4900	February	Put	Below 196

Low Break Even Point: 4715

High Break Even Point: 4885

Stop Loss: 4750 in Nifty Spot

Maximum Risk: Rs 750/- if Nifty February series expires beyond the BEPs

Maximum Profit: 4250/- if Nifty expires at 4800 in February series

ii) PETRONET (PETLNG):

Buy PETLNG Feb Future above 76

View: Bullish

Strategy: Long Future

Target: 79.80

Stop Loss: 74.20

Market Lot: 4400

iii) ITC (ITC):

Sell ITC Feb Future below 247

View: Bearish

Strategy: Short Future

Target: 240.50

Stop Loss: 251.50

Market Lot: 1125

STRATEGY FOLLOW UP

Strategy Date	Stock	View	Strategy	Price Reco.	Target	Stop-loss	Profit/(Loss)	Comment
01/02/2010	NIFTY	Mildly Bullish	Covered Call	5030	5100	4900	1300	Nifty closed at 4757
01/02/2010	INDREL	Bullish	Long Future	176	185	170	6500	Profits Achieved
01/02/2010	BHATE	Bearish	Short Future	307	295	315	6000	Target Achieved

NOTE: Because of unavailability of Data for Feb06, 2010, the report has been prepared based upon Feb05, 2010 data

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Product Basket

Derivatives research – product basket

Directional	Non-directional	Quant products
Long build up/Short covering Futures	Theta & Vega strategies	Pairs trading
Short build up Futures	Delta differential strategy	
High OI stocks – delivery product	Option indicators analysis	
Plain vanilla options	Gamma neutral delta neutral strategy	
Deep Value Strategy	Reverse, Synthetic options & Situational arbitrage	
Hybrid Strategies – Index/Stocks	Opportunity Matrix	
Rollover week product (High/low rollover stocks)	Calendar Spreads	
VWAP(expiry day product)	Ratio Spreads	

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