



DERIVATIVES

Market Statistics

| Product | No. of Contracts | Turnover (Rs.cr) |
|----------------------|--------------------|--------------------|
| Index Futures | 6,22,334 | 16,513.23 |
| Vol Futures | 0 | 0 |
| Stock Futures | 9,87,965 | 27,333.99 |
| Index Options | 81,53,389 | 1,86,981.80 |
| Stock Options | 6,03,638 | 17,076.54 |
| F&O Total | 1,03,67,326 | 2,47,905.55 |

FII Derivatives Statistics

| | OI at end of the day | | Inflow / | | Outflow |
|---------------|--------------------------------|----------|----------|----------|---------------|
| | Buy | Sell | Contract | Amount | |
| Index futures | 864.02 | 1099.55 | 639529 | 14809.75 | -235.53 |
| Index options | 14709.59 | 13766.64 | 2913411 | 74974.51 | 942.95 |
| Stock futures | 2831.72 | 2639.18 | 1895374 | 50869.04 | 192.54 |
| Stock options | 2790.00 | 2771.27 | 134456 | 3549.26 | 18.73 |
| | Net Inflow/Outflow (Cr) | | | | 918.70 |

Securities in Ban Period

AMTEKAUTO & IBREALEST

Nifty Future/Option Trading Guide

| NIFTY | Short term | Medium term |
|------------|------------|-------------|
| Support | 8330 | 8181 |
| Resistance | 8550 | 8650 |

Nifty View for the Day

Till it holds below 8440 zones weakness may continue in the market towards 8335-8315 and even lower levels.

1st Quarterly result

AMARAJABAT, AMTEKAUTO, BPCL, CIPLA, HINDALCO, PFC, RCOM, RELCAPITAL & SAIL

Activity Tracking

| Stocks (Long Position) | Remarks |
|----------------------------------|--------------------------------------|
| Glenmark, BEL, Tatapower | |
| Britannia, Axisbank, IGL | Suggesting strength in these counter |
| Cipla, Kotakbank, MRF | |
| Stocks (Short Covering) | Remarks |
| Voltas, Lupin, BPCL | |
| Coalindia, Amarajabat, Powergrid | Suggesting strength in these counter |
| Castrolind, Sunpharma, INFY | |
| Stocks (Short Position) | Remarks |
| Havells, Godrejind, Bhartiartl | |
| Auropharma, KSCL, Tatasteel | Suggesting weakness in these counter |
| Vedl, SAIL, Rcom | |
| Stocks (Long Liquidation) | Remarks |
| Pageind, NMDC, Ibrealst | |
| Hindzinc, Mindtree, TCS | Suggesting weakness in these counter |
| Tatamotors, Jppower, Tataglobal | |

Activity in F&O

Nifty August Future closed positive at 8381 levels. Nifty Future OI decreased by 1.72% with a rise in price by 0.19%. It closed at a premium of 26 points as compared to premium of 16 points of previous trading session. Market witnessed buying interest in Healthcare, Banking and Auto sector stocks while selling pressure was seen in Consumer Durables, Realty, IT and Metals sector stocks. The market turnover decreased by 7.73% in terms of number of contracts traded vis-à-vis previous trading day and in terms of rupees it also decreased by 9.02%.

Indication & Outlook

Put Call Ratio based on Open Interest of Nifty moved up from 0.87 to 0.88 levels as compared to the previous trading session. Historical Volatility of Nifty fell down from 16.40 to 15.92 levels and Implied Volatility also moved up from 16.52 to 16.21 levels.

Conclusion

Nifty future opened positive and regained its 8400 levels. It witnessed a relief rally after the sharp fall of previous four trading sessions. Finally the bulls over powered the bears and ended the day with the gains of around 40 points. Now it has to cross and hold above 8400 levels to move towards 8440 then 8480 levels while if it fails to maintain 8380 zones then selling pressure may drag the index towards its major support of 8335-8315 zones. Traders need to be cautious as the index failed to cross the hurdle of 8650 levels and is near the major support of 8330 zones. On the Option front, maximum Put OI is at 8200 followed by 8300 strike whereas maximum Call OI is at 8700 followed by 8600 strike. Bank Nifty opened positive and held firmly its support of 18000 levels and witnessed a relief rally after the correction of last couple of trading sessions. It has to cross and hold above 18400 levels to regain the positive move and head 18650 and 18800 levels while support is at 18150 and 18000 levels.

Future STT Call



JSWSTEEL : Rs. 860

| Execution Price Range | Stop Loss | Target |
|---------------------------------|-----------|--------|
| Sell Between Rs. 873 to Rs. 881 | 895 | 841 |

JSWSTEEL has been continuously witnessing selling pressure from last nine series and may continue to witness pressure after its recent bounce back move till 908 zones. It has been making lower highs – lower lows from last three trading sessions and has formed a weak structure with shorts being intact in the counter. Thus further selling pressure may be witnessed in this stock in line with other metal counters. So, one can sell the stock with the stop loss of 895 levels for the downside target of 841 levels.

Future STT Call



TATAMOTORS : Rs. 352

| Execution Price Range | Stop Loss | Target |
|---------------------------------|-----------|--------|
| Sell Between Rs. 357 to Rs. 361 | 366 | 345 |

TATAMOTORS is trading at one year low levels and has corrected sharply in last six series. It is making lower top - lower bottom formation and has formed a weak structure. It witnesses selling pressure at every bounce back move with built up of short position. It has been underperforming and stuck in bears grip even after strong up move in most of the auto stocks. One can sell the stock with stop loss of 366 for the downside target of 345 levels.

Graphic Snapshot

| %Price Gainers | | %Price Losers | | Active Futures | | %Volume Gainers | | % Rollovers | |
|---------------------------|--------|----------------------------|--------|-----------------------------|---------|---------------------------|--------|--------------------|-------|
| ADANIPTS | 3.99 | JINDALSTEL | -11.46 | NIFTY | 482,751 | PAGEIND | 612.90 | S&P500 | 100 |
| CEATLTD | 3.34 | RCOM | -9.85 | BANKNIFTY | 138,103 | TATAPOWER | 465.40 | DJIA | 69.44 |
| SKSMICRO | 3.19 | VEDL | -9.35 | TATASTEEL | 37,408 | RCOM | 262.28 | GRASIM | 19.07 |
| M&M | 2.89 | RPOWER | -6.41 | YESBANK | 28,364 | JUBLFOOD | 42.68 | RELCAPITAL | 4.84 |
| AMARAJABAT | 2.75 | TATASTEEL | -6.38 | SBIN | 26,167 | GMRINFRA | 33.09 | NHPQ | 3.48 |
| %OI Gainers | | %OI Losers | | %Premiums | | %Discounts | | OI % of Mkt. Limit | |
| HAVELLS | 14.42 | DJIA | -12.07 | IBREALEST | 0.89 | SAIL | -2.14 | AMTEKAUTO | 94.36 |
| IBULHSGFIN | 12.56 | VOLTAS | -10.78 | JISLJALEQS | 0.63 | BATAINDIA | -1.35 | INDIACEM | 92.13 |
| GODREJIND | 11.15 | PAGEIND | -10.71 | AXISBANK | 0.59 | NMDC | -1.24 | IBREALEST | 82.36 |
| BHARTIARTL | 10.88 | BANKNIFTY | -6.50 | JSWENERGY | 0.58 | DLF | -1.18 | JINDALSTEL | 82.09 |
| AUROPHARMA | 9.18 | OIL | -5.92 | YESBANK | 0.57 | GAIL | -1.10 | JISLJALEQS | 82.04 |
| Most Active (Calls) | | %Volume gainers (Calls) | | Most Active (Puts) | | %Volume gainers (Puts) | | | |
| NIFTY,27-AUG-15,C,8500 | 897625 | VEDL,27-AUG-15,C,110 | 36,133 | NIFTY,27-AUG-15,P,8300 | 798,767 | JINDALSTEL,27-AUG-15,P,60 | 25,100 | | |
| NIFTY,27-AUG-15,C,8600 | 714695 | RELFNRA,27-AUG-15,C,360 | 27,400 | NIFTY,27-AUG-15,P,8400 | 762,697 | RCOM,27-AUG-15,P,55 | 5,838 | | |
| NIFTY,27-AUG-15,C,8400 | 605729 | JUBLFOOD,27-AUG-15,C,1800 | 20,400 | NIFTY,27-AUG-15,P,8200 | 533,607 | JSWSTEEL,27-AUG-15,P,760 | 5,050 | | |
| NIFTY,27-AUG-15,C,8700 | 568543 | BHARTIARTL,27-AUG-15,C,380 | 11,400 | NIFTY,27-AUG-15,P,8100 | 368,610 | JUBLFOOD,27-AUG-15,P,1750 | 4,840 | | |
| NIFTY,27-AUG-15,C,8800 | 296580 | TATASTEEL,27-AUG-15,C,230 | 6,917 | NIFTY,27-AUG-15,P,8000 | 312,613 | RCOM,27-AUG-15,P,57.5 | 3,311 | | |
| %OI Gainers (Calls) | | %OI Losers (Calls) | | %OI Gainers (Puts) | | %OI Losers (Puts) | | | |
| RCOM,27-AUG-15,C,62.5 | 34,400 | IOC,24-SEP-15,C,480 | -49 | VEDL,27-AUG-15,P,95 | 9,600 | IOC,24-SEP-15,P,380 | -67 | | |
| VEDL,27-AUG-15,C,110 | 16,925 | LICHSGFIN,27-AUG-15,C,520 | -46 | BANKNIFTY,24-SEP-15,P,16600 | 917 | NIFTY,27-AUG-15,P,8550 | -51 | | |
| RELFNRA,27-AUG-15,C,370 | 11,700 | SBIN,27-AUG-15,C,255 | -34 | HINDALCO,27-AUG-15,P,87.5 | 878 | RCOM,27-AUG-15,P,65 | -50 | | |
| HINDALCO,27-AUG-15,C,90 | 9,400 | LICHSGFIN,27-AUG-15,C,500 | -33 | RCOM,27-AUG-15,P,50 | 733 | BHEL,27-AUG-15,P,260 | -44 | | |
| TATASTEEL,24-SEP-15,C,250 | 3,700 | LUPIN,27-AUG-15,C,1800 | -32 | INFY,27-AUG-15,P,1160 | 587 | DLF,27-AUG-15,P,100 | -37 | | |

Derivatives Lesson: LONG BUTTERFLY STRATEGY

- The butterfly spread is a neutral strategy that is a combination of a bull spread and a bear spread. It is a limited profit, limited risk options strategy. There are 3 striking prices involved in a butterfly spread and it can be constructed using calls or puts.
- Long butterfly spreads are entered when the investor thinks that the underlying stock will not rise or fall much by expiration. Using calls, the long butterfly can be constructed by buying one lower striking in-the-money call, writing two at-the-money calls and buying another higher striking out-of-the-money call. A resulting net debit is taken to enter the trade.
- Max Profit = Strike Price of Short Call - Strike Price of Lower Strike Long Call - Net Premium Paid - Commissions Paid
- Max Loss = Net Premium Paid + Commissions Paid
- Upper Breakeven Point = Strike Price of Higher Strike Long Call - Net Premium Paid
- Lower Breakeven Point = Strike Price of Lower Strike Long Call + Net Premium Paid

Trading Laws:

- A Trader not observing STOP LOSS cannot survive for long.
- Never re-schedule your stop loss, square up first and then take a fresh view.
- Book small losses by buying / selling near support / resistance, and look for big gains, this will maximize the gains.
- Don't try to anticipate the change in main trend, so don't go against trend

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