



D E R I V A T I V E S

Market Statistics

Product	No. of Contracts	Turnover (Rs.cr)
Index Futures	1,96,080	11,102.31
Vol Futures	0	0
Stock Futures	4,47,306	23,316.01
Index Options	16,19,740	95,829.11
Stock Options	1,80,458	9,706.50
F&O Total	24,43,584	1,39,953.92

FII Derivatives Statistics

	OI at end of the day			Inflow / Outflow
	Buy	Sell	Contract	
Index futures	1316.89	1639.66	274051.00	16060.09
Index options	14370.51	13066.32	990662.00	58587.56
Stock futures	3198.94	3402.97	971378.00	49263.90
Stock options	1202.42	1191.01	33816.00	1703.82
Net Inflow/Outflow (Cr)				788.79

Securities in Ban Period

NIL

Nifty Future/Option Trading Guide

NIFTY	Short term	Medium term
Support	7850	7700
Resistance	8000	8330

Nifty View for the Day

Nifty it needs to hold above 7920 zones with follow up buying interest to continue the bounce back move towards 8050 and 8080 levels.

Quote of the day

“FAILURE IS NOT FALLING DOWN IT IS REFUSING TO GET UP.”

Activity Tracking

Stocks (Long Position)	Remarks
Mindtree, Havells, Petronet	
Jswsteel, Ceatltd, IOB	Suggesting strength in these counter
Ambujacem, DLF, Rcom	
Stocks (Short Covering)	Remarks
Ultracemco, Oil, Drreddy	
ACC, OFSS, Hexaware	Suggesting strength in these counter
Enginersin, ITC, CESC	
Stocks (Short Position)	Remarks
Mcleodruss, Bhartiartl, Axisbank	
Exideind, IGL, Adaniports	Suggesting weakness in these counter
Ibrealst, Bharatforg, Canbk	
Stocks (Long Liquidation)	Remarks
KSCL, BEML, Tatamotors	
Heromotoco, Orientbank, Gail	Suggesting weakness in these counter
IRB, Suntv, Star	

Activity in F&O

Nifty December future closed positive at 7987.75 levels. Nifty Future OI increased by 1.67% with a marginal rise in price by 0.10%. It closed at a premium of 38 points as compared to the premium of 45 points in previous trading session. Market witnessed buying interest in FMCG, Media, Metal, Pharma and IT sector stocks while selling pressure was seen in Banking and Auto sectors stocks. The market turnover increased by 13.88% in terms of number of contracts traded vis-à-vis previous trading day and in terms of rupees it increased by 13.54%.

Indication & Outlook

Put Call Ratio based on Open Interest of Nifty fell down from 0.91 levels to 0.87 levels as compared to previous trading sessions. Historical Volatility of Nifty fell down from 15.86 to 15.38 levels and Implied Volatility also fell down from 15.69 to 14.78 levels.

Conclusion

Nifty future opened positive and continued trading with buying interest at every decline. It registered a high of around 8005 levels after the struggle of last fourteen trading sessions. Index has been making higher highs – higher lows from last four trading sessions. Finally the day ended with the marginal gain of around 7 points. Now it needs to hold above 7950 zones with follow up buying interest to continue the bounce back move towards 8050 and 8080 levels. However if it fails to hold 7900 levels then the index may again get trapped in range from 7850 and 7725 levels. On the Option front, maximum Put OI is at 7500 followed by 8000 strike, whereas maximum Call OI is at 8500 followed by 8300 strike. Bank Nifty opened positive above its 17500 levels but post RBI's declaration of keeping the key rates unchanged it failed to sustain it and fell towards 17400 levels. Now it has the next support near to 17250 then 17000 zones, while on the upside hurdle near to 17800 then 18000 zones.

Future STT Call



TATASTEEL: Rs. 239

Execution Price Range	Stop Loss	Target
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Buy Between Rs. 234 to Rs. 236	230	247
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TATASTEEL has been making higher top – higher bottom formation from last four weeks and showing the sign of bottoming out at its multiple support of 213-215 zones. It has given a small price volume breakout from the consolidation of last nineteen trading sessions. So one can buy the stock on declines with the stop loss 230 of for the upside target of 247 levels.

Future STT Call



EXIDEIND: Rs. 146.40

Execution Price Range	Stop Loss	Target
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Sell Between Rs. 148 to Rs. 150	151	141
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EXIDEIND failed to cross 151 zones even after recovery in the broader market and shorts are again being active in the counter. It has tendency of witnessing sustain pressure after an every bounce back move and we are expecting this behavior to continue as per its price and open interest data. Thus, recommending selling the stock with the stop loss of 152 for the downside target of 141 levels.

Graphic Snapshot



Derivatives Lesson: SHORT STRADDLE STRATEGY

- A short straddle is a strategy to be adopted when the investor feels the market will not show much movement. He sells a Call and a Put on the same stock / index for the same maturity and strike price. It creates a net income for the investor.
- If the stock / index do not move much in either direction, the investor retains the Premium as neither the Call nor the Put will be exercised. However, incase the stock / index moves in either direction, up or down significantly, the investor's losses can be significant. So this is a risky strategy and should be carefully adopted and only when the expected volatility in the market is limited.
- Max profit = Limited to the premium received.
- Max loss = Unlimited
- Upper Breakeven Point = Strike Price of Short Call + Net Premium Received
- Lower Breakeven Point = Strike Price of Short Put - Net Premium Received

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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