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# The Strategist

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D E R I V A T I V E S

## Market Statistics

| Product | No. of Contracts | Turnover (Rs.cr) |
|---|---|---|
| Index Futures | 1,08,755 | 8,735.98 |
| Stock Futures | 6,36,143 | 46,237.04 |
| Index Options | 27,56,624 | 2,26,956.60 |
| Stock Options | 4,94,082 | 36,136.90 |
| **F&O Total** | **39,95,604** | **3,18,066.53** |

## FII Derivatives Statistics

| | Buy | Sell | OI at end of the day Contract | OI at end of the day Amount | Inflow / Outflow |
|---|---|---|---|---|---|
| Index futures | 870.90 | 988.07 | 245735 | 18128.71 | -117.16 |
| Index options | 21332.19 | 21308.47 | 935987 | 67680.96 | 23.72 |
| Stock futures | 7513.53 | 7322.52 | 1072933 | 72361.44 | 191.01 |
| Stock options | 6186.45 | 6194.39 | 95847 | 6779.01 | -7.94 |
| **Net Inflow/Outflow (Cr)** | | | | | **89.63** |

## Securities in Ban Period

**CANBK, CEATLTD, IBREALEST, IFCI, JISLJALEQS, JSWENERGY, KTKBANK, ORIENTBANK, SYNDIBANK & UJJIVAN**

## Nifty Future/Option Trading Guide

| NIFTY | Short term | Medium term |
|---|---|---|
| **Support** | **9350** | **9200** |
| **Resistance** | **9500** | **9550** |

## Nifty View for the Day

**Now on the downside, the index has multiple supports at 9300-9280 levels to change the recent market setup while on the upside resistance is around 9470 zones then 9500.**

## Quote for the Day

**"SUCCESS IS A JOURNEY, NOT A DESTINATION. THE DOING IS MORE IMPORTANT THAN THE OUTCOME."**

## Activity Tracking

| Stocks (Long Position) | Remarks |
|---|---|
| Shreecem, PEL, Pageind MRPL, Bergerpaint, Boschltd Petronet, Grasim, Kotakbank | Suggesting strength in these counter |
| **Stocks (Short Covering)** | **Remarks** |
| DRReddy, Asianpaint, Tatacomm Godrejcp, Jublfood, Godrejind HDIL, Indigo, Castrolind | Suggesting strength in these counter |
| **Stocks (Short Position)** | **Remarks** |
| Glenmark, Fortis, Nestleind Idea, Southbank, Colpal MCX, Cholafin, Suzlon | Suggesting weakness in these counter |
| **Stocks (Long Liquidation)** | **Remarks** |
| Niittech, KTKBank JISLJALEQS, Albk | Suggesting weakness in these counter |

## Activity in F&O

Nifty future closed on a positive note at 9453.30 levels. Nifty future open interest increased by 2.69% with a rise in price by 0.41%. It closed at a premium of 7 point as compared to 14 points of previous trading session. Market witnessed buying interest across the board especially in Metals, Pharma and Realty sector stocks while selling pressure was seen in IT sector. The market turnover decreased by 16.10% in terms of number of contracts traded vis-à-vis previous trading day and in terms of rupees it decreased by 14.35%.

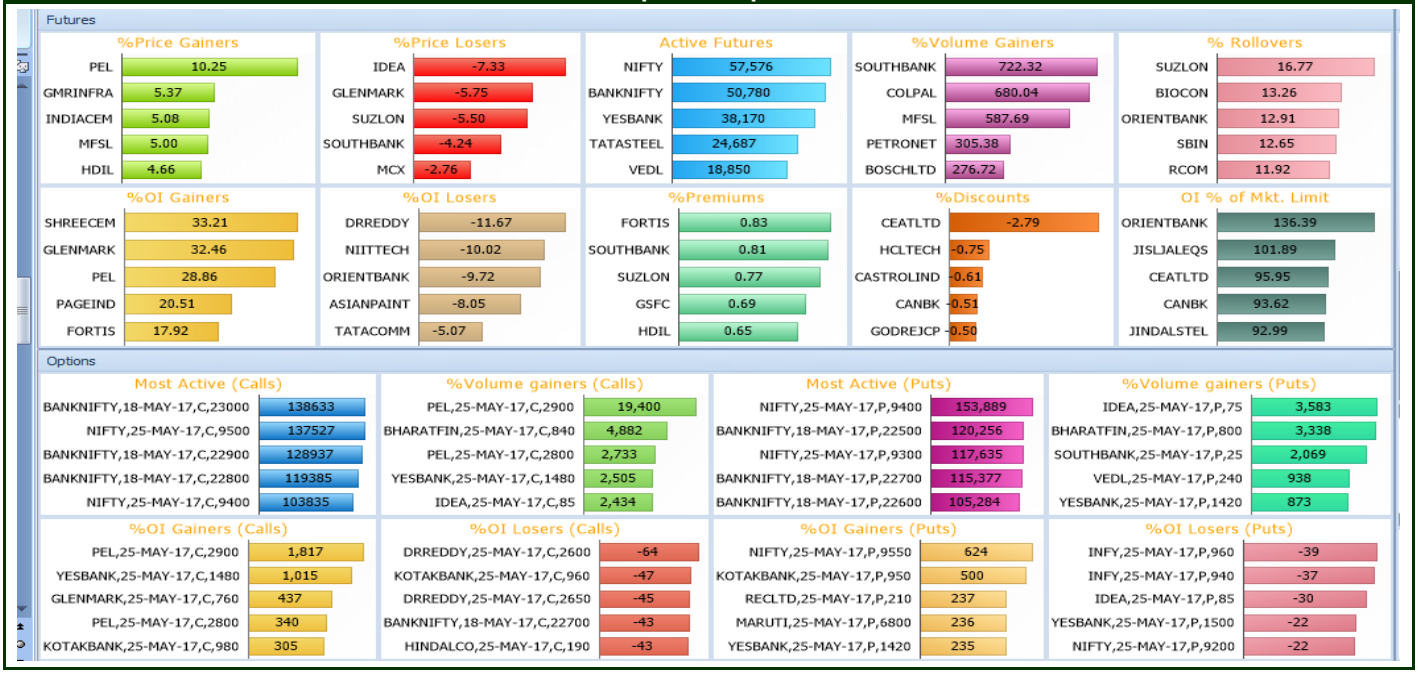
## Indication

Put Call Ratio based on Open Interest of Nifty moved up from 1.24 levels to 1.25 levels as compared to previous session. Historical Volatility fell down from 9.86 to 9.81 levels but Implied Volatility moved up from 10.10 levels to 10.64 levels as compared to previous session.

## Conclusion

Nifty Future opened on a positive note and after the initial consolidation it headed towards 9458 levels. It witnessed a pleasant rally dominated by bulls for most part of the trade. The trend is intact to positive zone till immediate support is not broken. On the downside, the index has multiple supports at 9300-9280 levels to change the recent market setup while on the upside resistance is around 9470 zones then 9500. On the options front, maximum Put OI is seen at 9,300 level followed by 9000 strikes while maximum Call OI stood at strike price 9,500 followed by 9,400 strike prices. Fresh Put writing was seen at strike price 9,300, which has again given the bulls a grip on the market, while Call writing remained intact at strike prices 9,500, which should restrict the upside momentum. The Bank Nifty opened positive and headed towards 22850 levels and was consolidating in a range. It has now support at 22600- 22550 zones, while on the upside hurdles are seen at the 23000 then 23250 levels.

## Graphic Snapshot




## CORPORATE ACTION

| Symbol | Purpose | BoardMeetingDate | Symbol | Purpose | BoardMeetingDate |
|---|---|---|---|---|---|
| DRREDDY | Results/Dividend | 12-May-17 | BAJFINANCE | Results/Dividend | 17-May-17 |
| TITAN | Results/Dividend | 12-May-17 | BAJAJFINSV | Results/Dividend | 17-May-17 |
| PEL | Results/Others | 12-May-17 | CUMMINSIND | Results/Dividend | 18-May-17 |
| ORIENTBANK | Results/Others | 12-May-17 | STAR | Results/Dividend | 18-May-17 |
| CENTURYTEX | Results/Dividend | 12-May-17 | MUTHOOTFIN | Results | 18-May-17 |
| IDEA | Board meeting Rescheduled | 13-May-17 | PIDILITIND | Results/Dividend | 18-May-17 |
| KTKBANK | Results/Dividend | 13-May-17 | BANKBARODA | Results/Dividend | 18-May-17 |
| BATAINDIA | Results/Dividend | 15-May-17 | CESC | Results | 18-May-17 |
| VEDL | Results | 15-May-17 | BAJAJ-AUTO | Results/Dividend | 18-May-17 |
| SOUTHBANK | Results/Dividend | 15-May-17 | ABIRLANUVO | Results | 18-May-17 |
| MRPL | Results/Dividend | 15-May-17 | GRASIM | Board meeting Rescheduled | 19-May-17 |
| ICIL | Results/Dividend | 15-May-17 | VGUARD | Results/Dividend | 19-May-17 |
| COLPAL | Results | 15-May-17 | TATAPOWER | Results/Dividend | 19-May-17 |
| ANDHRABANK | Results/Dividend | 16-May-17 | MOTHERSUMI | Results/Dividend | 19-May-17 |
| TATASTEEL | Results/Dividend | 16-May-17 | SBIN | Results/Dividend | 19-May-17 |
| SHREECEM | Results/Dividend | 16-May-17 | IFCI | Results/Dividend | 19-May-17 |
| PNB | Results | 16-May-17 | GAIL | Results/Dividend | 22-May-17 |
| OFSS | Results/Dividend | 16-May-17 | GODREJIND | Results/Dividend | 22-May-17 |
| GRASIM | Results/Dividend | 16-May-17 | JINDALSTEL | Results | 23-May-17 |
| ANDHRABANK | Results | 16-May-17 | VOLTAS | Results/Dividend | 23-May-17 |
| ALBK | Results/Others | 17-May-17 | AMARAJABAT | Results/Dividend | 24-May-17 |
| UBL | Results/Dividend | 17-May-17 | LUPIN | Results/Dividend | 24-May-17 |
| MRPL | Board meeting Rescheduled | 17-May-17 | BOSCHLTD | Results/Dividend | 25-May-17 |
| JSWSTEEL | Results/Dividend | 17-May-17 | PAGEIND | Results/Dividend | 25-May-17 |
| HINDUNILVR | Results/Dividend | 17-May-17 | IOC | Results/Dividend | 25-May-17 |

**Derivatives Lesson: LONG COMBO: SELL A PUT, BUY A CALL**

- A Long Combo is a Bullish strategy. If an investor is expecting the price of a stock to move up he can do a Long Combo strategy. It is constructed by selling an OTM (lower strike) Put and buying an OTM (higher strike) Call.
- This strategy simulates the action of buying a stock (or futures) but at a fraction of the stock price. It is an inexpensive trade, similar in pay-off to Long Stock, except there is a gap between the strikes.
- Max loss: **Unlimited (Lower Strike + net debit)**
- Reward: **Unlimited**
- Breakeven: **Higher strike + net debit**

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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