



The Strategist

16 November 2015

DERIVATIVES

	Market Statistics	
Product	No. of Contracts	Turnover (Rs.cr)
Index Futures	2,04,938	11,318.60
Vol Futures	0	0
Stock Futures	4,65,055	23,236.71
Index Options	21,48,819	1,25,696.62
Stock Options	2,76,953	14,346.24
F&O Total	30,95,765	1,74,598.17

FII Derivatives Statistics

		-	end of the day Inflow /			
	Buy	Sell	Contract	Amount	Outflow	
Index futures	1115.4	2365.0	284579	16222.5	-1249.7	
Index options	16266.6	15287.3	1238111	71369.0	979.3	
Stock futures	3221.2	3564.5	959317	46554.1	-343.3	
Stock options	2646.0	2530.7	74582	3630.3	115.3	
Net Inflow/Outfl	ow (Cr)				-498.40	

Securities in Ban Period

CEATLTD & JINDALSTEL

Nifty Future/Option Trading Guide							
	NIFTY	Short term	Medium term				
	Support	7777	7550				
	Resistance	8080	8330				

Nifty View for the Day

Now it needs to negate the negative pattern of making lower highs by holding above 7900 levels to get back a bounce back move towards 7950 and 8000 zones.

Quote of the day

"THE BEST WAY TO PREDICT THE FUTURE IS TO CREATE IT. "

Activity Tracking					
Stocks (Long Position)	Remarks				
CESC, Tatamtrdvr, NCC					
Wockpharma, BPCL, UBL	Suggesting strength in these counter				
Godrejind, Jindalstel, Bharatforg					
Stocks (Short Covering)	Remarks				
Coalindia, Axisbank, Powergrid					
Canbk, Star, Biocon	Suggesting strength in these counter				
Mothersumi, Srtransfin, MRF					
Stocks (Short Position)	Remarks				
Ibulhsgfin, Rcom, Oil					
Cadilahc, KSCL, Cairn	Suggesting weakness in these counter				
ONGC, Cipla, Zeel					
Stocks (Long Liquidation)	Remarks				
Maruti, Tatamotors, Heromotoco Boschltd, Hindunilvr, Hindzinc IDBI, OFSS, Apollohosp	Suggesting weakness in these counter				

Activity in F&O

Nifty November future closed positive at 7774.30 levels. Nifty Future OI increased by 0.22% with a fall in price by 0.65%. It closed at a premium of 12 points as compared to the 0 premium of previous trading session. Market witnessed buying interest in Metal and Consumer durables sector stocks while selling pressure was seen in IT, FMCG, Auto, Realty and Capital good sector stocks. The market turnover decreased by 16.79% in terms of number of contracts traded vis-à-vis previous trading day and in terms of rupees it decreased by 20.84%.

Indication & Outlook

Put Call Ratio based on Open Interest of Nifty fell down from 0.73 to 0.72 levels as compared to previous trading session. Historical Volatility of Nifty fell down from 16.73 to 16.13 levels but Implied Volatility moved up from 15.38 to 15.84 levels.

Conclusion

Nifty future opened under the dominance of the bears for consecutive seventh trading sessions and fell towards 7742 levels. It has been finding sustained selling pressure at every minor attempt to bounce back with rise in volatility index. It failed to regain its 7800 levels and finally ended the day with loss of around 55 points. Now it needs to negate the negative pattern of making lower highs by holding above 7900 levels to get back a bounce back move towards 7950 and 8000 zones, while if it fails to sustain the 7850 levels then selling pressure might drag the index towards 7800 and 7750 levels. On the Option front, maximum Put OI is at 7700 followed by 7800 strike, whereas maximum Call OI is at 8200 followed by 8000 strike. Bank Nifty opened with a gap down of 110 points and fell towards 16755 levels in the early hours of trade. However with buying at the lower levels it bounced back towards 17000 levels and ended the day with the marginal gain of around 13 points. Now the hurdle is at 17181 levels and above it 17500 levels while support is at 16800 then 16666 levels.

Anand Rathi

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RECLTD: Rs. 2	240				
Execution Price Range	Stop Loss	Target			
Buy Between Rs. 234 to Rs. 237	230	250			
RECLTD has taken multiple supports near 220-	-225 zones after	the struggle of			
last 5-6 trading sessions. It negated the negativity of last two weeks with built					
up of long position. It is showing early sign of trend of reversal and looks					
attractive in terms of risk reward ratio. Thus we are recommending buy with					
the strict stop loss of 230 for the upside target o	f 250 level.				

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AMBUJACEM: Rs. 193.70						
Execution Price Range	Stop Loss	Target				
Sell Between Rs. 196 to Rs. 198	201	187				
AMBUJACEM fell towards its yearly low	levels with built u	up of short and				
liquidation of long position. It broke its support of 196 levels and has dull price						
behavior. It is witnessing selling pressure at every small bounce back. We are						
expecting this behavior to continue which may drag it to 187 and lower levels.						
So, one can sell the stock with the stop loss of 201 for the downside target of						
187 levels.						

				Graphi	c Snapshot	ł			
Futures							_		
161	TTLE GARMENT		APPER LOWERS	40	vy Putarm		Warne Gaman		in finingen
UNDALSTEL	10.40	IBUANSGEIN	-91.15	NIFTY	111,171	CESC.	1,0+6.44	56/500	101.42
CESC	6.38	RCOM	-525	BANKOFTY	82,275	106	3.81131	DIRA	03.46
TATAMTEDVR	5.44	CAIEN	0.31	IRUD ISGEN	34,025	SRF	2,044,29	NIFTY	20.00
ISWSTEEL	3.93	3.6LFOOD	-4.22	HARUTI	10,643	TUBLECOD.	2,012.37	RECIVER	16.99
HUNDPETRO	3.96	BRITANNA	-4.23	AXISEANK	38,079	RELINFRA	2,550234	SALL	4
4	(i) Genera		woh Lawers	Ne	rim and		in Descauth		DE THE OF MEET LIMIT
BULHSOFIN	27.09	DIJA	-31,49	JPRESOCIAT	0.84	NHOC	2.80	JINDALST	11 102.23
crsc	20.01	S&P500	-281.37	PIDRITINO	0.75	KSCL	2.11	CEATL	TD 87.04
TATAPHTRONE	15.98	HARLITE	15.40	UNITECH	0.24	BATAINCIA	-1.94	INLALE	q5 86.11
RCOM	12.37	DABUR	(4.13)	NCC	0.75	RPOWER	4.75	IBREALE	ST 04.94
OIL	12.22	COALINEIA	6.58	SUNTY	0.67	IDEA	-5.00	D	0.00
Options									
	first Arrive ICan	12	Nivolume patient	S(Calls)	M	est Active (Put	(8)	Webum	re gamers (Puts)
NIFTY, 26-NOV-	19,0,3800	93364 IN	DALSTEL, 26-MOV-15, C, 90	68,290	NIFTY, 26-NOV-1	5,P,7750	190,325	INDALSTEL, 26-NOV	15,P,70 60,500
NIFTY, 26-NOV-	13,C,8000	87299 #8	11NFRA,26-NOV-15,C,440	32,000	NIFTY, 26-NOV-1	-5.P.7800	1972355	TCS.26-MOV-19	5,F,2300 35,658
NIFTY,25-NOV-	15,0,7900	20000	ELTEO-L26-NOV-15,C,860	27,230	RIFTY,26-WOV-1	5.P,7600	\$5.821	RELIANCE,25 NOV	15, 17, 880 94, 567
NIFTY, 26-NOV	15,0,8100	2897	NPTY,29-DEC-16,C,8000	24,300	NIFTY, 26-MOV-1	(S,P,7500	90,324	1TC, 26 MOV-1	15,17,325 28,600
hIFTY,26-NOV	15.C.8200	1728 151	WSTEEL, 26-NOV-15, C, 940	21,200	NIPTY, 26-NOV-1	5,P,7400 38	BOT	MPTY 26-NOV-15	5,#,6900 27,000
-	Ol Gainers (Ga	H()	NOI Liners (I	0.00		Of Comms (Ps	(1)	1601	Longro (Pum)
RCDM,2	5-90V-13,C,65	8,300 HO	THERSUMI, 26-MOV-15, C, 26	0 -C	NIFTY,28	-34%-16,P,7200	17,400	NIFTY,26-NOV-1	5,P,7850 -++
BAHSOPIN,26	-NOV-15, C, 660	6,867	M8/4,26-NOV-15,C,126	-94	RCOPL	26-NOV-15,P,55	2,250	HELTECH,25-NOV	15,P,840 -35
CAIRN,20	HNOV-15, C, 135	5,500 840	0000FTY,2G-NOV-15/C,1790	0	K9CL,2	6-NOV-15/F,300	377	RIFTY, 24-NOV-1	S.P.7550 35
RCOPU26	-NOV-15/C,67-5	2,050 TA	CANTEDVR, 26-NOV-15, C, 20	0 22 01	JUNDALSTEL,	26-NOV-15,9,75	340	BANKINDIA 26-NOV	-15,P,130 33
ONGC, 24	-NOV-15.C,230	920 BA	WRARODA 26-NOV-15,C,10	n	TATAMTRENE, 2	6-WOV-15,8,280	258	LBLF000,25-NOV-1	5,8,1400 -29

Derivatives Lesson: LONG BUTTERLFLY 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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