



**D E R I V A T I V E S**

**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
<b>F&amp;O Total</b>	<b>30,95,765</b>	<b>1,74,598.17</b>

**FII Derivatives Statistics**

	OI at end of the day				Inflow / Outflow
	Buy	Sell	Contract	Amount	
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
<b>Net Inflow/Outflow (Cr)</b>					<b>-498.40</b>

**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, Tatamtrdrv, 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	
Cadilalc, KSCL, Cairn	Suggesting weakness in these counter
ONGC, Cipla, Zeel	
Stocks (Long Liquidation)	Remarks
Maruti, Tatamotors, Heromotoco	
Boschld, Hindunilvr, Hindzinc	Suggesting weakness in these counter
IDBI, OFSS, Apollohosp	

**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.

### Future STT Call



**RECLTD: Rs. 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 of 250 level.

### Future STT Call



**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 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.

### Graphic Snapshot



**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.
- $\text{Max Profit} = \text{Strike Price of Short Call} - \text{Strike Price of Lower Strike Long Call} - \text{Net Premium Paid} - \text{Commissions Paid}$
- $\text{Max Loss} = \text{Net Premium Paid} + \text{Commissions Paid}$
- $\text{Upper Breakeven Point} = \text{Strike Price of Higher Strike Long Call} - \text{Net Premium Paid}$
- $\text{Lower Breakeven Point} = \text{Strike Price of Lower Strike Long Call} + \text{Net Premium Paid}$

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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