



DERIVATIVES

Market Statistics

Product	No. of Contracts	Turnover (Rs.cr)
Index Futures	13,60,071	32,709.36
Vol Futures	0	0
Stock Futures	23,79,596	59,975.34
Index Options	2,05,66,747	4,52,346.37
Stock Options	4,80,130	13,210.87
F&O Total	2,47,86,544	5,58,241.93

FII Derivatives Statistics

	OI at end of the day			Inflow /	
	Buy	Sell	Contract	Amount	Outflow
Index futures	4793.592	5426.096	762457	16739.06	-632.504
Index options	25977.44	22334.23	1604158	51349.77	3643.217
Stock futures	11233.94	11194.59	1683193	42230.5	39.3546
Stock options	485.8775	524.6738	1931	68.6692	-38.7963
	Net Inflow/Outflow (Cr)			3011.27	

Securities in Ban Period

NIL

Nifty Future/Option Trading Guide

NIFTY	Short term	Medium term
Support	7750	7665
Resistance	8080	8181

Nifty View for the Day

Now it has to hold 7880 zones to continue an up move towards 7950 and 8000 levels.

News for the day

Introduction of Futures & Options Contracts on 6 Additional Individual Securities w.e.f. September 28, 2015:

BEML, CADILA HEALTHCARE, BHARTI INFRATEL, MARICO LTD, NCC LTD, TV18 BROADCAST LTD.

Activity Tracking

Stocks (Long Position)	Remarks
UBL	Suggesting strength in these counter
Stocks (Short Covering)	Remarks
Godrejind, Cairn, Dreddy	
M&M, Ultracemco, IOB	Suggesting strength in these counter
Amtekauto, Colpal, Zeel	
Stocks (Short Position)	Remarks
Adaniports	Suggesting weakness in these counter
Stocks (Long Liquidation)	Remarks
Ibulhsgfin, Srtransfin, PTC	
Arvind, Bhel, Ambujacem	Suggesting weakness in these counter
Unitech, Heromotoco, Tatasteel	

Activity in F&O

Nifty October future closed positive at 7895.70 levels with a marginal rise in price by 0.09%. It closed at premium of 27 points as compared to the premium of 10 points in previous trading session. Market witnessed buying interest in Consumer Durables, FMCG and IT sector stocks while selling pressure was seen in Metal, Capital Goods and Oil & gas sector stocks. The market turnover increased by 14.63% in terms of number of contracts traded vis-à-vis previous trading day and in terms of rupees it also increased by 15.45%.

Indication & Outlook

Put Call Ratio based on Open Interest of Nifty fell down from 0.95 to 0.93 levels as compared to previous trading session. Historical Volatility of Nifty fell down from 27.49 to 26.67 levels but Implied Volatility moved up from 19.56 to 19.84 levels.

Conclusion

Nifty future opened negative and was hovering near the intraday low of 7832 level in the first half of the session. However, it registered smart recovery and headed towards 7935 levels in the second half of the day. Finally it ended the day by gaining around 7 points. Rollovers from September to October series is comparatively less from the average and market is stuck in a broader range. Now it has to hold 7880 levels to continue an up move towards 7950 and 8000 levels while if it fails to hold 7850 levels then selling pressure may take the index towards 7800 and 7750 levels. On the Option front, maximum Put OI is at 7800 followed by 7500 strike whereas maximum Call OI is at 8300 followed by 8200 strike. Bank Nifty opened negative and underperformed the broader market. However it managed to hold its 17000 levels. Now its next support is at 17250 then 17000 levels while the major hurdle is at 17660 followed by 17850 levels.

Future STT Call

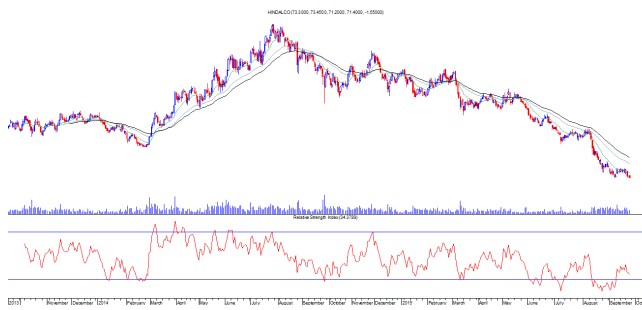


RECLTD : Rs. 270

Execution Price Range	Stop Loss	Target
Buy Between Rs. 264.50 to Rs. 267.50	261	277

RECLTD is moving after taking multiple supports at 230-232 levels and has given a breakout from the falling supply trend line. It is making higher highs – higher lows from last two weeks and witnessing short covering activities. Thus indicating a continuation in the bounce back move towards 277 and higher levels with attractive risk reward ratio. So recommending buying the stock with the stop loss of 261 for the upside target of 277 levels.

Future STT Call



HINDALCO : Rs. 72

Execution Price Range	Stop Loss	Target
Sell Between Rs. 73.50 to Rs. 74.50	76	69

HINDALCO is in bears grip and hovering near to 6 years low levels. It has been making lower top – lower bottom formation. It is witnessing built up of short position and these shorts are intact in the counter with short rollover from previous series to current series and holding below 74.50 may continue the distress selling towards 69 and lower zones. One can sell the stock with stop loss of 76 for the downside target of 69 levels.

Graphic Snapshot

Futures							
%Price Gainers SOUTHANK 11.01 HINDZINC 5.97 MINDTREE 4.24 LUPIN 3.34 SAIL 3.30	%Price Losers ONGC -3.80 PETRONET -3.14 ADANIPTS -3.05 M&MFIN -2.96 VOLTAS -2.86	Active Futures NIFTY 1,108,201 BANKNIFTY 250,574 RELIANCE 102,146 TATAMOTORS 73,255 LT 68,639	%Volume Gainers PTC 294.55 OIL 189.10 OFSS 159.00 MINDTREE 155.47 NHPC 152.65	% Rollovers RPOWER 94.5 TATACHEM 93.79 AUROPHARMA 92.95 DIVISLAB 92.19 INDIACEM 91.92			
%OI Gainers S&P500 3.56 UBL 2.66 DJIA 1.94 ADANIPTS 1.11	%OI Losers JPPOWER -100.00 IBULHSGFIN -49.29 SRTRANSFIN -49.06 PTC -45.04 BOSCHLTD -44.74	%Premiums IFCI 0.92 NHPC 0.91 UCOBANK 0.86 JPASSOCIAT 0.86 FEDERALBNK 0.85	%Discounts TVSMOTOR -3.22 EXIDEIND -2.85 SAIL -2.64 CROMPGREAV -2.40 GODREJIND -1.90	OI % of Mkt. Limit CENTURYTEX 67.88 JISLJALEQS 62.63 WOCKPHARMA 54.66 JPASSOCIAT 54.52 SUNTV 53.28			
Options							
Most Active (Calls) NIFTY,24-SEP-15,C,7900 3023625 NIFTY,24-SEP-15,C,7850 1604530 NIFTY,24-SEP-15,C,7800 1463202 NIFTY,24-SEP-15,C,8000 463915 NIFTY,24-SEP-15,C,7950 427197	%Volume gainers (Calls) PTC,24-SEP-15,C,55 53,150 SUNTV,29-OCT-15,C,440 37,000 BANKNIFTY,24-SEP-15,C,20800 14,500 NIFTY,24-SEP-15,C,6900 14,300 BANKNIFTY,29-OCT-15,C,20500 13,250	Most Active (Puts) NIFTY,24-SEP-15,P,7800 2,803,090 NIFTY,24-SEP-15,P,7850 1,372,631 NIFTY,24-SEP-15,P,7700 1,285,480 NIFTY,24-SEP-15,P,7900 1,119,258 NIFTY,24-SEP-15,P,7750 974,706	%Volume gainers (Puts) MARUTI,24-SEP-15,P,4550 43,633 PTC,24-SEP-15,P,52.5 33,160 LUPIN,24-SEP-15,P,1950 25,175 TATAPOWER,24-SEP-15,P,65 24,700 HINDUNILVR,29-OCT-15,P,720 14,600	%OI Gainers (Calls) SUNTV,29-OCT-15,C,440 5,700 LUPIN,29-OCT-15,C,2100 4,925 COALINDIA,29-OCT-15,C,310 3,433 COALINDIA,29-OCT-15,C,390 2,700 MINDTREE,29-OCT-15,C,1650 2,000	%OI Losers (Calls) NIFTY,24-SEP-15,C,7650 -95 NIFTY,24-SEP-15,C,5500 -95 NIFTY,24-SEP-15,C,7000 -94 NIFTY,24-SEP-15,C,6000 -92 NIFTY,24-SEP-15,C,5300 -92	%OI Gainers (Puts) PTC,24-SEP-15,P,47.5 35,833 RELIANCE,29-OCT-15,P,720 24,200 PTC,24-SEP-15,P,52.5 17,483 LUPIN,24-SEP-15,P,1950 3,800 TATAMOTORS,29-OCT-15,P,270 3,650	%OI Losers (Puts) NIFTY,24-SEP-15,P,10500 -99 NIFTY,24-SEP-15,P,10000 -99 NIFTY,24-SEP-15,P,9000 -97 NIFTY,24-SEP-15,P,9300 -97 NIFTY,24-SEP-15,P,8150 -95

Derivatives Lesson: LONG COLLAR STRATEGY

- A collar is an options trading strategy that is constructed by holding shares of the underlying stock while simultaneously buying protective puts and selling call options against that holding. The puts and the calls are both out-of-the-money options having the same expiration month and must be equal in number of contracts.
- Technically, the collar strategy is the equivalent of an out-of-the-money covered call strategy with the purchase of an additional protective put.
- The collar is a good strategy to use if the options trader is writing covered calls to earn premiums but wish to protect him from an unexpected sharp drop in the price of the underlying security.
- $\text{Max Profit} = \text{Strike Price of Short Call} - \text{Purchase Price of Underlying} + \text{Net Premium Received} - \text{Commissions Paid}$
- $\text{Max Loss} = \text{Purchase Price of Underlying} - \text{Strike Price of Long Put} - \text{Net Premium Received} + \text{Commissions Paid}$
- $\text{Breakeven Point} = \text{Purchase Price of Underlying} + \text{Net Premium Paid}$

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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