



DERIVATIVES

Market Statistics

| Product | No. of Contracts | Turnover (Rs.cr) |
|----------------------|------------------|--------------------|
| Index Futures | 6,25,738 | 16,242.38 |
| Vol Futures | 0 | 0 |
| Stock Futures | 8,48,187 | 22,431.11 |
| Index Options | 49,86,565 | 1,09,884.87 |
| Stock Options | 3,77,079 | 9,874.68 |
| F&O Total | 68,37,569 | 1,58,433.04 |

FII Derivatives Statistics

| | OI at end of the day | | | Inflow / | |
|---------------|--------------------------------|----------|----------|---------------|----------|
| | Buy | Sell | Contract | Amount | Outflow |
| Index futures | 2163.148 | 1199.487 | 803434 | 17915.01 | 963.6611 |
| Index options | 9893.767 | 9870.959 | 1922747 | 60142.46 | 22.8085 |
| Stock futures | 2265.137 | 2395.711 | 1783689 | 44988.15 | -130.573 |
| Stock options | 1351.126 | 1371.186 | 60218 | 1566.961 | -20.0593 |
| | Net Inflow/Outflow (Cr) | | | 835.84 | |

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 if the index manages to sustain above 8000 zones then buying interest may be seen towards 8050-8080 levels.

News for the day

BATA INDIA Limited has announced a record date on 08th October, 2015 for the purpose of 'Face Value Split of shares from Rs.10 each into Rs5 each'

Activity Tracking

| Stocks (Long Position) | Remarks |
|--------------------------------|--------------------------------------|
| Infratel, Heromotoco, Pidilite | |
| ACC, Ambujacem, Lupin | Suggesting strength in these counter |
| IDBI, Ajantapharm, Zeel | |
| Stocks (Short Covering) | Remarks |
| IOB, Abirlanuvo, Apollotyre | |
| Pageind, LT, Tataglobal | Suggesting strength in these counter |
| Adaniports, Siemens, L&TFH | |
| Stocks (Short Position) | Remarks |
| TV18Brdcst, Marico, Arvind | |
| Albk, Hcltech, Tatacomm | Suggesting weakness in these counter |
| Vedl, Exideind, Petronet | |
| Stocks (Long Liquidation) | Remarks |
| DLF, Hindzinc, Maruti | |
| Syndibank, Lichsgfin, Bhel | Suggesting weakness in these counter |
| HDIL, PFC, Andhrabank | |

Activity in F&O

Nifty October future closed negative at 7976.95 levels. Nifty Future OI increased by 2.88% with a marginal fall in price by 0.04%. It closed at premium of 26 points as compared to the premium of 32 points in previous trading session. Market witnessed buying interest Healthcare, Consumer durables, Capital goods and FMCG sector stocks while selling pressure was seen in Realty, Power and Auto sector stocks. The market turnover decreased by 1.33% in terms of number of contracts traded vis-à-vis previous trading day and in terms of rupees it also decreased by 2.91%.

Indication & Outlook

Put Call Ratio based on Open Interest of Nifty fell down from 0.92 to 0.91 levels as compared to previous trading session. Historical Volatility of Nifty fell down from 25.36 to 24.58 levels but Implied Volatility moved up from 19.13 to 24.58 levels.

Conclusion

Nifty future opened above its 8000 levels but failed to sustain it and witnessed profit booking at the higher levels. It was hovering near the 7980-7970 zones for the most part of the day and finally ended the session with the minor loss of 4 points. Now if the index manages to sustain above 8000 levels then buying interest may be seen towards 8050-8080 zones, while if it fails to hold 7940 levels then the bears might push the index towards 7880 and 7850 levels. On the Option front, maximum Put OI is at 7500 followed by 7800 strike whereas maximum Call OI is at 8300 followed by 8000 strike. Bank Nifty opened positive but shed its lion's portion of opening gains and ended the session with the loss of around 90 points. Now it has immediate support near to 17000 followed by 16800 zones while crucial hurdle exists at around 17660 zones and above that a fresh leg of rally cannot be ruled out in the market.

Future STT Call



SIEMENS : Rs. 238

| Execution Price Range | Stop Loss | Target |
|----------------------------------|-----------|--------|
| Buy Between Rs. 1320 to Rs. 1333 | 1295 | 1395 |

SIEMENS has been making higher highs from last three trading sessions and crossed the hurdle of 1340 levels and also gave the highest daily close of last 26 trading sessions. As per the recent data and price behavior it is well placed to see the next round of momentum towards 1395 and higher levels. Thus recommending to go long in the stock with the stop loss of 1295 for the upside target of 1395 levels.

Future STT Call



SYNDIBANK : Rs. 83

| Execution Price Range | Stop Loss | Target |
|-------------------------------------|-----------|--------|
| Sell Between Rs. 83.50 to Rs. 84.50 | 86.25 | 79 |

SYNDIBANK failed to cross a strong hurdle of 85-86 zones and 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. We are expecting this weakness to continue for next coming sessions. So, one can sell the stock with the stop loss of 86.25 for the downside target of 79 levels.

Graphic Snapshot

| Futures | | | | |
|--|---|---|--|---|
| %Price Gainers INFRATEL 11.63 INDIACEM 5.19 ULTRACEMCO 3.36 LUPIN 3.19 TITAN 3.10 | %Price Losers IDFC -13.80 HCLTECH -12.78 JSWENERGY -4.66 AMTEKAUTO -3.05 GAIL -2.91 | Active Futures NIFTY 475,430 BANKNIFTY 148,981 IDFC 51,731 HCLTECH 41,196 LT 29,443 | %Volume Gainers HCLTECH 512.12 TITAN 285.54 INFRATEL 278.90 TATACOMM 164.74 AMBUJACEM 146.86 | % Rollovers S&P500 100 DJIA 99.27 HINDUNILVR 13.14 NMDC 8.46 NIFTY6 2.24 |
| %OI Gainers INFRATEL 46.76 CADILAHC 37.72 TV18BRDCST 31.34 MARICO 20.13 CNXIT 19.63 | %OI Losers IDFC -47.73 ENGINEERSIN -7.54 DLF -6.95 IRB -6.63 HINDZINC -5.45 | %Premiums NHPC 1.20 AMTEKAUTO 0.94 ADANIENT 0.87 JSWENERGY 0.84 UNITECH 0.82 | %Discounts JUSTDIAL -2.76 GODREJIND -2.32 EXIDEIND -1.91 TVSMOTOR -1.39 SAIL -1.18 | OI % of Mkt. Limit CENTURYTEX 71.52 JISLJALEQS 69.58 DISHTV 65.76 IDBI 65.11 WOCKPHARMA 63.67 |
| Options | | | | |
| Most Active (Calls) NIFTY,29-OCT-15,C,8200 446824 NIFTY,29-OCT-15,C,8100 426767 NIFTY,29-OCT-15,C,8000 377660 NIFTY,29-OCT-15,C,8300 301343 NIFTY,29-OCT-15,C,8400 245365 | %Volume gainers (Calls) HCLTECH,29-OCT-15,C,940 13,225 INFY,29-OCT-15,C,1380 10,200 FEDERALBNK,29-OCT-15,C,70 7,000 NIFTY,29-OCT-15,C,8550 6,350 NIFTY,31-DEC-15,C,7800 5,033 | Most Active (Puts) NIFTY,29-OCT-15,P,7800 352,548 NIFTY,29-OCT-15,P,7900 319,799 NIFTY,29-OCT-15,P,8000 254,171 NIFTY,29-OCT-15,P,7500 245,381 NIFTY,29-OCT-15,P,7700 235,045 | %Volume gainers (Puts) HCLTECH,29-OCT-15,P,860 173,300 HCLTECH,29-OCT-15,P,840 161,600 HCLTECH,29-OCT-15,P,820 148,300 NIFTY,31-DEC-15,P,8200 31,800 NIFTY,31-DEC-15,P,8100 19,550 | |
| %OI Gainers (Calls) HCLTECH,29-OCT-15,C,880 37,300 HCLTECH,29-OCT-15,C,860 21,000 NIFTY,26-NOV-15,C,9100 4,800 HCLTECH,29-OCT-15,C,900 4,276 HCLTECH,29-OCT-15,C,920 3,290 | %OI Losers (Calls) KSCL,29-OCT-15,C,460 -67 ASHOKLEY,29-OCT-15,C,92.5 -37 IRB,29-OCT-15,C,240 -32 SUNPHARMA,29-OCT-15,C,880 -29 INFY,29-OCT-15,C,1160 -29 | %OI Gainers (Puts) NIFTY,31-DEC-15,P,8200 8,291 NIFTY,31-DEC-15,P,8100 5,325 HCLTECH,29-OCT-15,P,840 2,671 INDIACEM,29-OCT-15,P,80 2,025 HCLTECH,29-OCT-15,P,820 1,610 | %OI Losers (Puts) NIFTY,29-OCT-15,P,6750 -100 MARUTI,29-OCT-15,P,4700 -49 NTPC,29-OCT-15,P,120 -49 HCLTECH,29-OCT-15,P,920 -41 HCLTECH,29-OCT-15,P,940 -38 | |

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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