

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

Product	No. of Contracts	Turnover (Rs.cr)
Index Futures	2,53,342	14,325.93
Vol Futures	0	0
Stock Futures	4,45,912	22,784.90
Index Options	20,57,760	1,23,159.61
Stock Options	2,36,461	12,587.43
F&O Total	29,93,475	1,72,857.88

FII Derivatives Statistics

	OI at end of the day				Inflow /
	Buy	Sell	Contract	Amount	Outflow
Index futures	1683.677	2542.043	286164	16778.94	-858.367
Index options	15210.39	17392.28	1060268	62646.79	-2181.89
Stock futures	2501.855	3574.328	928943	45965.13	-1072.47
Stock options	1683.712	1718.369	53633	2645.757	-34.657
Net Inflow/Outflow (Cr)					-4147.39

Securities in Ban Period

NIL

Nifty Future/Option Trading Guide

NIFTY	Short term	Medium term
Support	8000	7850
Resistance	8180	8330

Nifty View for the Day

Now it needs to hold above its 8065-8080 levels to continue the bounce back move and head towards 8120 and 8180 levels

Q2 FY'16 Result

AUROPHARMA, BANKBARODA, BEML, BHEL, MOTHERSUMI, TATACHEM, TATAMOTORS, TATAMTRDVR, UNIONBANK, VOLTAS, SRF, RCOM & SBIN

Activity Tracking

Stocks (Long Position)	Remarks
Marico, Arvind	
Jisljaleqs, ITC	Suggesting strength in these counter
NTPC	
Stocks (Short Covering)	Remarks
Relcapital, Coalindia	
M&MFin	Suggesting strength in these counter
Heromotoco	
Stocks (Short Position)	Remarks
Jublfood, Sunpharma, Tatasteel	
BHEL, Suntv, Lichsgfin	Suggesting weakness in these counter
CESC, HDFC, Pidilitind	
Stocks (Long Liquidation)	Remarks
Apollohosp, Drreddy, Jswenergy	
Relinfra, Amarrajabat, Unionbank	Suggesting weakness in these counter
OIL, Yesbank, Kotakbank	

Activity in F&O

Nifty November future closed negative at 7989.40 levels. Nifty Future OI increased by 2.28% with a fall in price by 1.0%. It closed at a premium of 34 points as compared to 30 points of previous trading session. Market witnessed selling pressure across the board especially in Healthcare, Realty, Banking, IT and Power sector stocks. The market turnover increased by 27.85% in terms of number of contracts traded vis-à-vis previous trading day and in terms of rupees it increased by 27.45%.

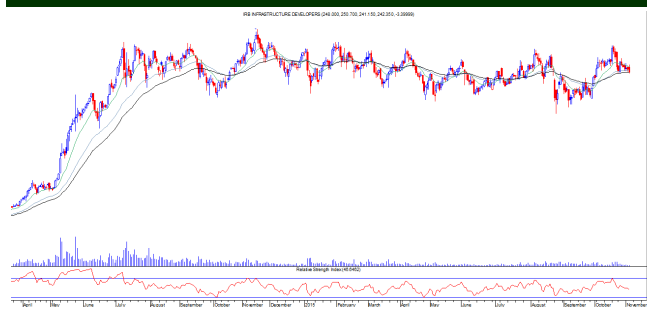
Indication & Outlook

Put Call Ratio based on Open Interest of Nifty fell down from 0.89 to 0.86 levels as compared to previous trading session. Historical Volatility of Nifty moved up from 15.37 to 15.70 levels and Implied Volatility also moved up from 18.11 to 18.48 levels.

Conclusion

Nifty future opened on a flat to negative note and broke its 8000 levels in the absence of buying activities. It fell towards 7975 levels in the last hour of sessions and ended the day with the loss of around 95 points. Now it needs to cross and hold above its 8000 levels for the index to witness bounce back move towards 8080 and 8120 levels. However if it fails to hold 7950 levels then it may be further pushed towards 7900 and lower levels. On the Option front, maximum Put OI is at 7800 followed by 7900 strike, whereas maximum Call OI is at 8300 followed by 8500 strike. Bank Nifty opened negative and with sustained selling it fell towards 17000 levels. It traded in line with the broader market and ended in the negative zone for the consecutive third trading session with the loss of around 200 points. Now the support is at 17000 then 16800 while hurdle is at 17500 then 17800 levels.

Future STT Call

**IRB: Rs. 238**

Execution Price Range	Stop Loss	Target
Sell Between Rs. 241 to Rs. 243	247	230

IRB has been falling from last 4 weeks and has broken and closed below its immediate support of 240 zones. It has been witnessing liquidation of long position followed by fresh short position. According to its recent price behavior weakness may continue in the stock. Thus recommending selling the stock with the stop loss of 247 for the downside target of 230 levels.

Future STT Call

**VEDANTA: Rs. 94.45**

Execution Price Range	Stop Loss	Target
Sell Between Rs. 97 to Rs. 98	100.50	91.50

VEDANTA failed to cross the immediate hurdle of 120 levels and started to decline with built up of short and liquidation of long position. It has been making lower highs lower lows from last three weeks. It has dull price behavior and witnesses selling pressure at every small bounce back. We are expecting this behavior to continue which may drag it to 91.50 and lower levels. So, one can sell the stock with the stop loss of 100.50 for the downside target of 91.50 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

DISCLAIMER: This report has been issued by Anand Rathi Securities Limited (ARSL), which is regulated by SEBI. The information herein was obtained from various sources; we do not guarantee its accuracy or completeness. Neither the information nor any opinion expressed constitutes an offer, or an invitation to make an offer, to buy or sell any securities, options, future or other derivatives related to such securities ("related investment"). ARS and its affiliates may trade for their own accounts as market maker/ jobber and /or arbitrageur in any securities of this issuer(s) or in related investments, and may be on the opposite side of public orders. ARS, its affiliates, directors, officers, and employees may have a long or short position in any securities of this issuer(s) or in related investment banking or other business from, any entity mentioned in this report. This research report is prepared for private circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. Investors should seek financial situation and the particular needs of any specific investing in any securities or investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. Investors should note that income from such securities, if any, may fluctuate and that each security's price or value may rise or fall. Past performance is not necessarily a guide to future performance. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related investment mentioned in this report.