Weekly Options Report for the week ended June 13, 2012 June 14, 2012

Options Open Interest Activity – Overall

	As on 130612 (No. of shares ('000s)			As on 060612 (No. of shares ('000s)			% Change w-o-w		
Type of Option	Call Option	Put Option	Total	Call Option	Put Option	Total	Call Option	Put Option	Total
Nifty Option	56,805,340	83,404,545	140,209,885	52,393,655	70,260,080	122,653,735	8.4	18.7	14.3
Stock Option	209,750,900	99,172,000	308,922,900	160,861,050	72,554,175	233,415,225	30.4	36.7	32.3
Total Option	266,556,240	182,576,545	449,132,785	213,254,705	142,814,255	356,068,960	25.0	27.8	26.1

The week ended June 13, 2012, saw the Nifty surging higher after taking out the previous highs of 5020. Total option OI increased by a healthy 26.1% W-o-W.

Examining the table above, we notice that the build up of fresh positions was more in the put option segment. While the put option OI rose by 27.8% W-o-W, the call option OI increased by 25.0% over the same period. This probably indicates more put writing as the markets rose during the week and traders were confident that it would not fall below a certain level.

We also notice that there was a heavier build up of positions in the Stock option segment rather than in the Nifty option segment. This indicates a preference for taking a view on specific stocks rather than the index. Going forward, with the June near month series still some time away from expiry, we can expect a further build up of fresh positions.

Options Volumes Activity

	As on 130612 (No. of contracts)			As on 060612 (No. of contracts)			% Change w-o-w		
Type of Option	Call Option	Put Option	Total	Call Option	Put Option	Total	Call Option	Put Option	Total
Nifty Option	71,35,826	79,78,830	151,14,656	77,19,369	80,70,549	157,89,918	-7.6	-1.1	-4.3
StockOption	6,30,270	3,28,556	9,58,826	5,86,432	3,27,264	9,13,696	7.5	0.4	4.9
Total Option	77,66,096	83,07386	160,73,482	83,05,801	83,97,813	167,03,614	-6.5	-1.1	-3.8

While there was a healthy build up of fresh positions, there was a modest dip in option volumes W-o-W. Option volumes declined by 3.8% W-o-W.

Examining the table above, we notice that the decrease in volumes was more in the Nifty option segment. While there was a 4.9% rise in volumes in the Stock option segment W-o-W, Nifty option volumes dipped by 4.3% over the same period.

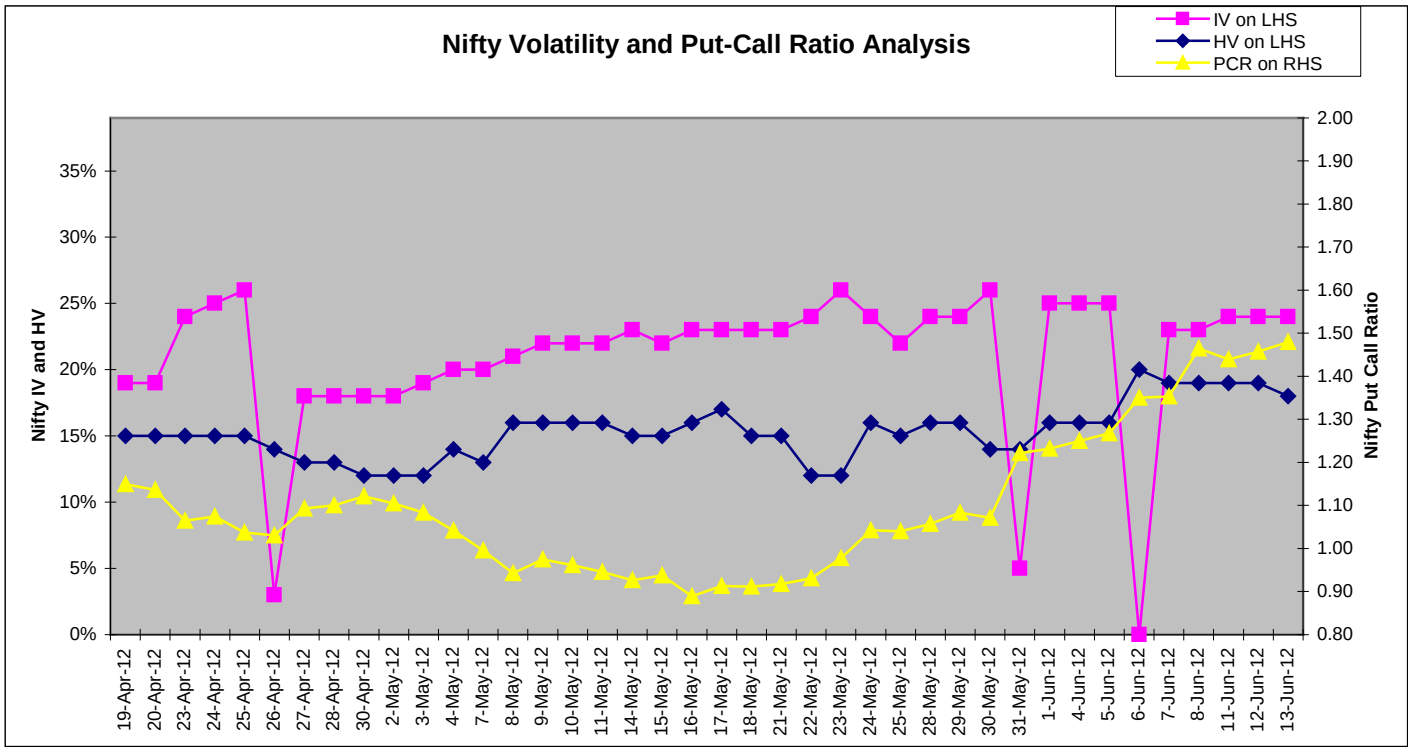
FII Activity in Options

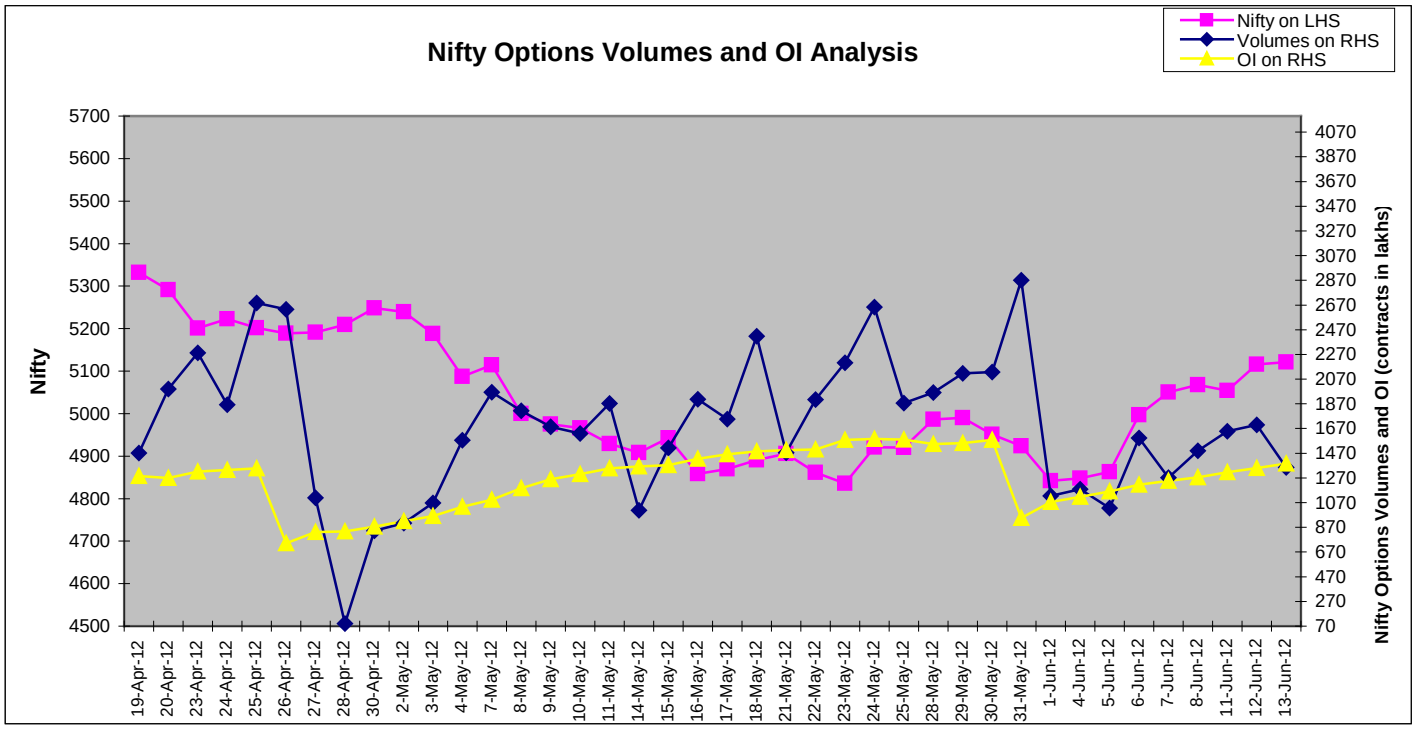
	BUY		SELL		Open Interest as on 130612		Open Interest as on 060612		Change in FIIs Open Interest (W-o-W)	
	No. of contracts	Amt in Rs.Crores	No. of contracts	Amt in Rs.Crores	No. of contracts	Amt in Rs. Crores	No. Of contracts	Amt in Rs. Crores	No. Of contract	Amt in Rs. Crores
Index Options	33,29,800	83,037	32,75,834	81,690	16,40,041	41,988	15,08,261	37,673	1,31,780	4,315
Stock Options	2,08,263	5,386	2,08,244	5,390	49,408	1,290	33,259	830	16,149	460

In the index options segment, FIIs were net buyers to the tune of 53,966 contracts. OI rose by 1,31,780 contracts indicating a build up of longs and shorts.

They were net buyers to the tune of 19 contracts in the stock options segment. OI rose by 16,149 contracts, which implies a build up of longs and shorts.

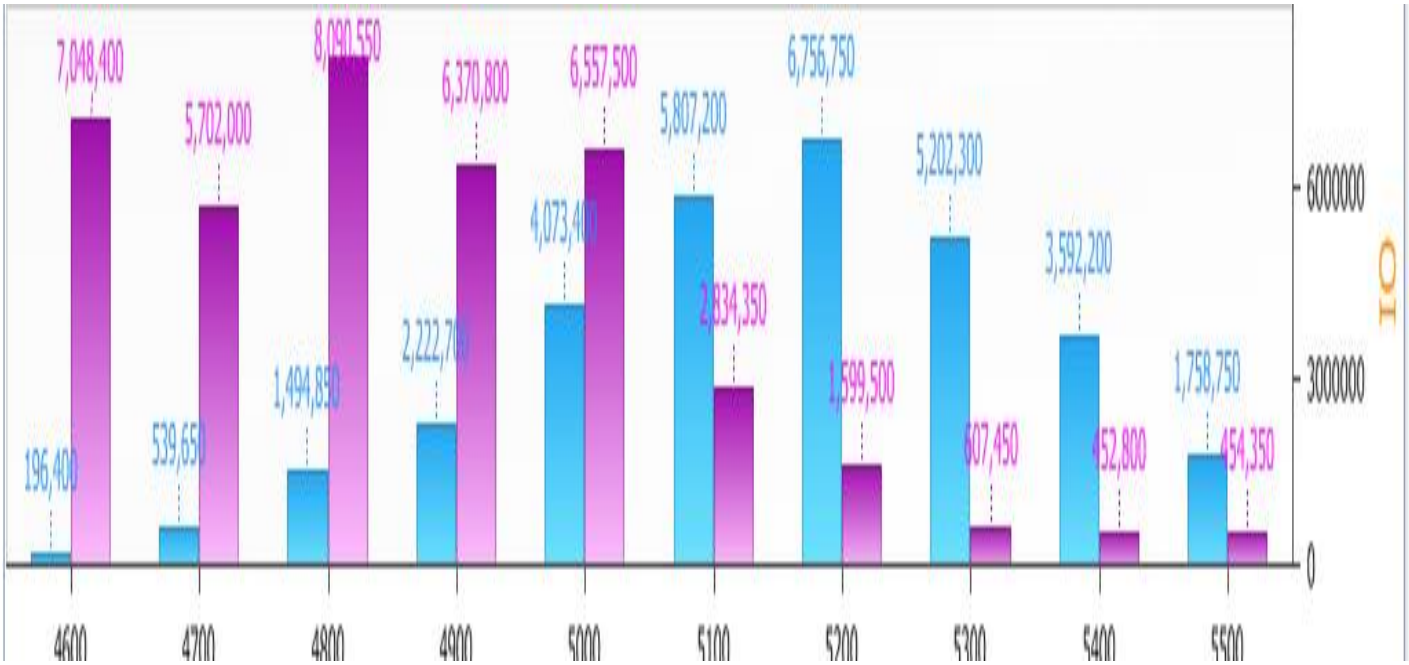
Nifty Options OI, Volumes, PCR and Volatility (IV – HV) Trend Analysis as on June 13, 2012





Volatility expectations remained steady during the week as the Nifty IV remained at 24%. The HV dipped to 18% from 20% last week, indicating that options have become more expensive. The Nifty OI PCR rose to 1.48 from 1.35 levels last week.

Nifty Options Strike - Wise OI Distribution as on June 14, 2012



Call Option:

During the week ended June 14, 2012, maximum open interest was observed in Nifty June 5200 calls (See the blue bars), which stood at 67,56,750 shares. This suggests that Nifty may find it difficult to cross the 5200 levels in the coming week.

Put Option:

During the week ended June 14, 2012, maximum open interest was observed in Nifty June 4800 Puts (See the purple bars), This suggests that lot of traders expect the 4800 levels to hold in the coming sessions and that they expect the Nifty to trade between the 4800-5200 levels in the coming week.

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