Weekly Options Report for the week ended June 27, 2012 June 28, 2012

Options Open Interest Activity – Overall

	As on 270612 (No. of shares ('000s)			As on 200612 (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	66,953	1,02,364	1,69,317	64,857	90,678	1,55,535	3.2	12.9	8.9
Stock Option	2,66,358	1,33,753	4,00,111	2,46,987	1,25,025	3,72,012	7.8	7.0	7.6
Total Option	3,33,311	2,36,117	5,69,428	3,11,844	2,15,703	5,27,547	6.9	9.5	7.9

The week ended June 27, 2012 saw the Nifty continuing to trade in a narrow range between the 5090-5195 levels. Total option OI increased by only 7.9% W-o-W. Last week, total option OI increased by a modest 17.5% W-o-W. The slowdown in build up of fresh positions was possibly due to the range bound price action in the markets.

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 9.5% W-o-W, the call option OI increased by 6.9% 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.

Going forward, with the June near month series expiring today, we can expect a gradual build up of fresh positions as the new July near month series begins.

Options Volumes Activity

	As on 270612 (No. of contracts)			As on 200612 (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	109,36,427	120,57,409	229,93,836	95,07,792	107,29,734	202,37,526	15.0	12.4	13.6
StockOption	6,63,378	3,93,952	10,57,330	6,94,476	4,51,420	11,45,896	-4.5	-12.7	-7.7
Total Option	115,99,805	124,51,361	240,51,166	102,02,268	111,81,154	213,83,422	13.7	11.4	12.5

Along with a modest build up of fresh positions, there was also a modest rise in option volumes W-o-W. Option volumes rose by 12.5% W-o-W.

Examining the table above, we notice that the increase in volumes was more in the Nifty option segment. While there was a 13.6% rise in volumes in the Nifty option segment W-o-W, Stock option volumes dipped by 7.7% over the same period.

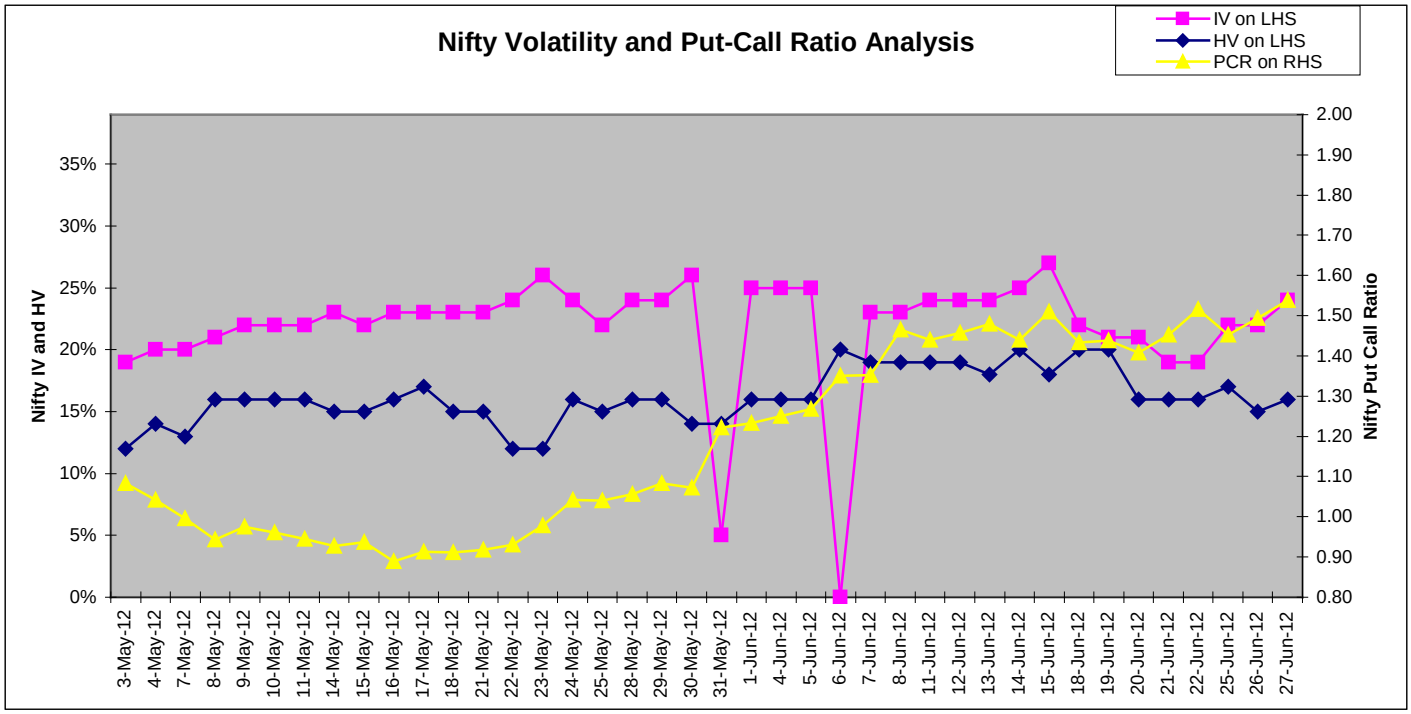
FII Activity in Options

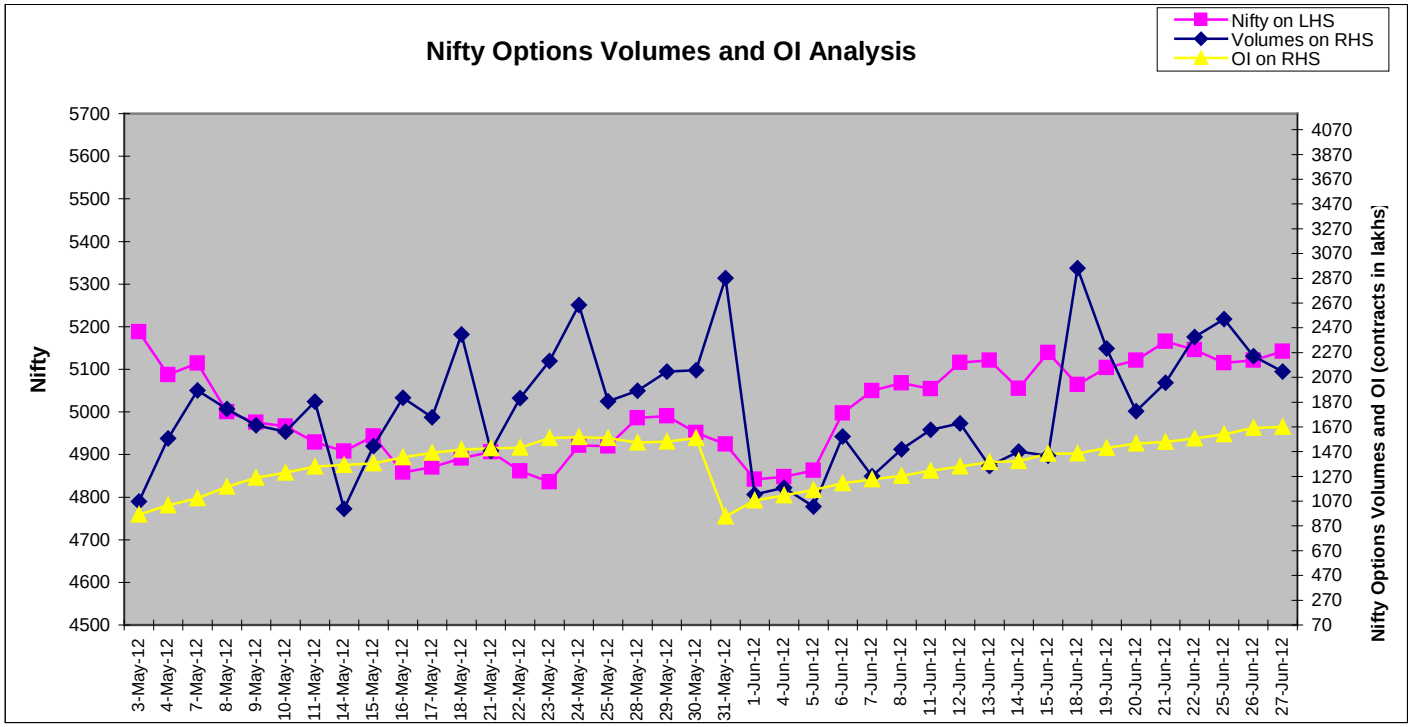
	BUY		SELL		Open Interest as on 270612		Open Interest as on 200612		Change in FIIs Open Interest (W-o-W)	
	No. of contracts	Amt in Rs.Crores	No. of contracts	Amt in Rs.Crores	No. of contracts	Amt in Rs. Crores	No. Of contracts	Amt in Rs. Crores	No. Of contract	Amt in Rs. Crores
Index Options	33,02,299	84,021	31,88,548	81,210	20,03,400	51,487	18,53,815	47,430	1,49,585	4,057
Stock Options	2,22,314	5,799	2,28,059	5,954	47,637	1,238	53,026	1,373	-5389	-135

In the index options segment, FIIs were net buyers to the tune of 1,13,751 contracts. OI rose by 1,49,585 contracts indicating a build up of longs.

They were net sellers to the tune of 5,745 contracts in the stock options segment. OI declined by 5,389 contracts, which implies unwinding of longs.

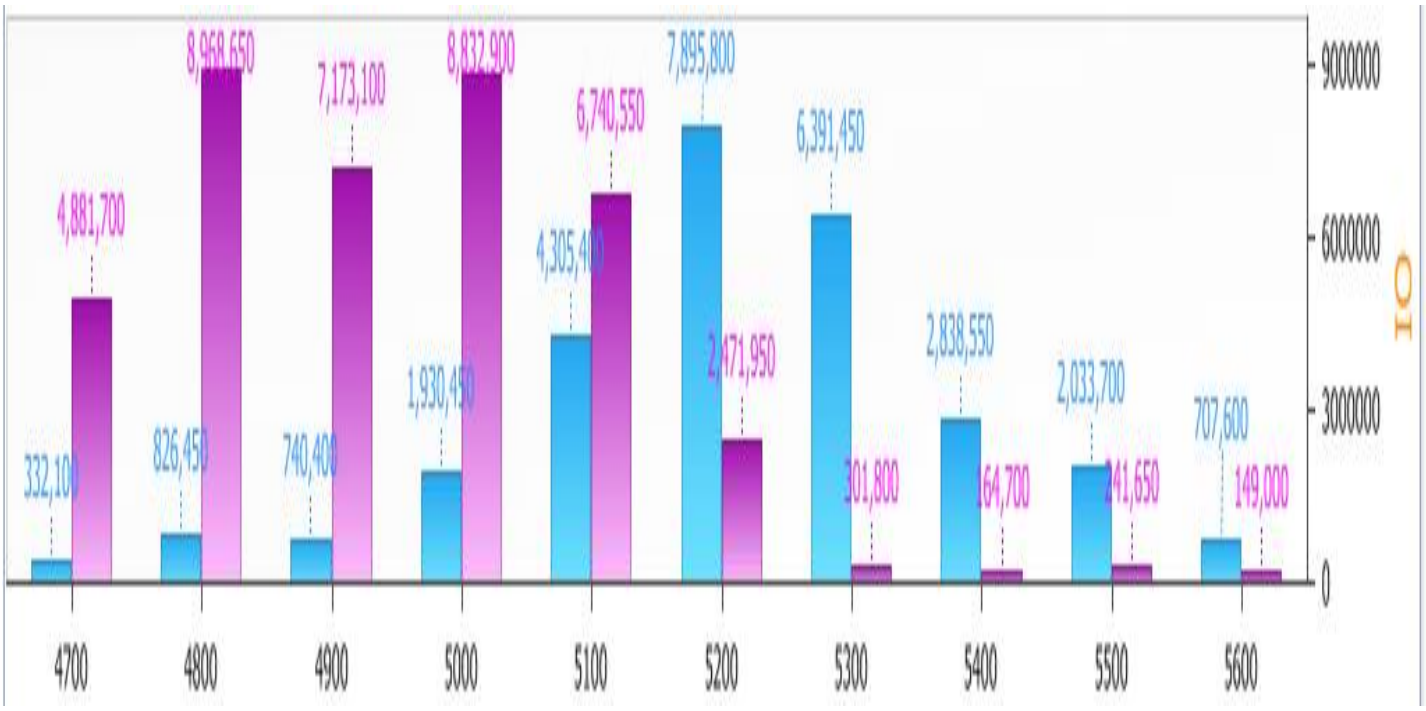
Nifty Options OI, Volumes, PCR and Volatility (IV – HV) Trend Analysis as on June 27, 2012





Volatility expectations increased during the week despite the range bound price action in the Nifty. Nifty IV rose to 24% from 21% last week indicating that traders are probably expecting a break out. The HV remained steady at 16% indicating that options have become more expensive. The Nifty OI PCR gave bullish signals as it climbed to 1.54 from 1.41 levels last week.

Nifty Options Strike - Wise OI Distribution as on June 28, 2012



Call Option:

During the week ended June 28, 2012, maximum open interest was observed in Nifty June 5200 calls (See the blue bars), which stood at 78,95,800 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 28, 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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