

Weekly Options Report for the week ended July 11, 2012

July 12, 2012

Options Open Interest Activity – Overall

	As on 110	712 (No. of sha	res ('000s)	As on 040712	% Change w-o-w				
Type of Option	Call Option	Put Option	Total	Call Option	Put Option	Total	Call Option	Put Option	Total
Nifty Option	61,820	74,396	1,36,216	54,855	65,545	1,20,400	12.7	13.5	13.1
Stock Option	2,66,828	1,03,314	3,70,142	1,90,106	77,585	2,67,691	40.4	33.2	38.3
Total Option	3,28,648	1,77,711	5,06,359	2,44,961	1,43,130	3,88,091	34.2	24.2	30.5

The week ended July 11, 2012 saw the Nifty trading in a narrow range between the 5250-5350 levels. Total option OI increased by a healthy 30.5% indicating accumulation of fresh positions. This indicates that traders were possibly building positions in anticipation of a break out of the current trading range.

Examining the table above, we notice that the build up of fresh positions was more in the call option segment. While the put option OI rose by 24.2% W-o-W, the call option OI increased by 34.2% over the same period. This probably indicates more call writing as the markets remained in a range during the week and traders were confident that it would not rise above a certain level.

Going forward, with the July near month series still two weeks away from expiry, we can expect a continued build up of fresh positions.

Options Volumes Activity

	As on 1	10712 (No. of c	ontracts)	As on (% Change w-o-w				
Type of Option	Call Option	Put Option	Total	Call Option	Put Option	Total	Call Option	Put Option	Total
Nifty Option	54,90,978	59,43,547	114,34,525	69,06,121	80,82,624	149,88,745	-20.5	-26.5	-23.7
StockOption	5,64,723	3,02,087	8,66,810	5,40,916	2,82,950	8,23,866	4.4	6.8	5.2
Total Option	60,55,701	62,45,634	123,01,335	74,47,037	83,65,574	158,12,611	-18.7	-25.3	-22.2

While there was a healthy build up of fresh positions, there was a fall in option volumes W-o-W. Option volumes declined by 22.2% W-o-W.

Examining the table above, we notice that the increase in volumes was more in the Stock option segment. While there was a 5.2% rise in volumes in the Stock option segment W-o-W, Nifty option volumes dipped by 23.7% over the same period.

FII Activity in Options

	BUY		SELL		Open Interest as on 110712		•		•	
							040712		Interest (W-o-W)	
	No. of	Amt in	No. of	Amt in	No. of	Amt in	No. Of	Amt in	No. Of	Amt in Rs.
	contracts	Rs.Crores	contracts	Rs.Crores	contracts	Rs.	contracts	Rs.	contract	Crores
						Crores		Crores		
Index Options	17,73,591	46,815	16,31,662	43,099	16,14,001	42,826	13,73,510	36,414	2,40,491	6,412
Stock Options	1,45,214	4,200	1,52,645	4,421	57,986	1,700	29,285	842	28,701	858

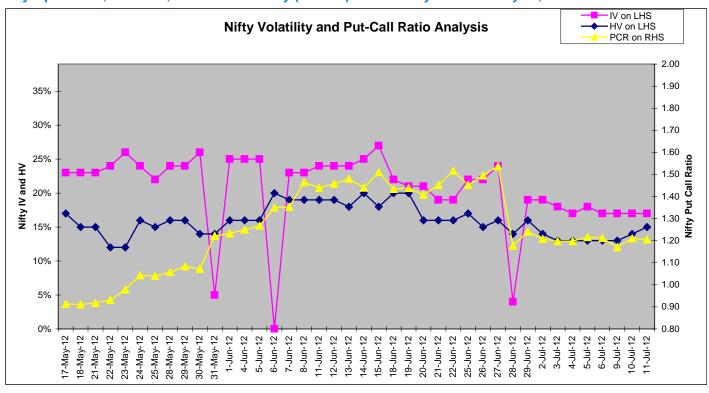
In the index options segment, FIIs were net buyers to the tune of 1,41,929 contracts. OI rose by 2,40,491 contracts indicating a build up of longs.

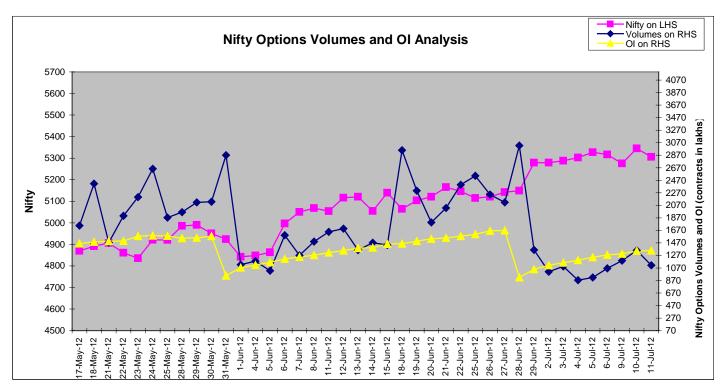
They were net sellers to the tune of 7,431 contracts in the stock options segment. OI rose by 28,701 contracts, which implies a build up of longs and shorts.

Retail Research



Nifty Options OI, Volumes, PCR and Volatility (IV - HV) Trend Analysis as on July 11, 2012



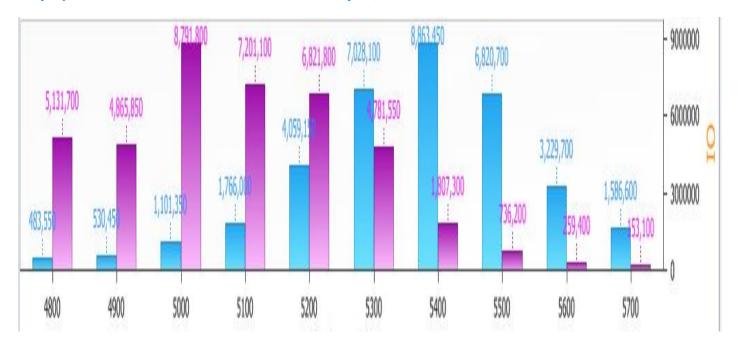


Volatility expectations did not change during the week as the Nifty IV remained at 17%. The HV climbed to 15% indicating that options have become cheaper. The Nifty OI PCR too remained steady at 1.2 indicating no change in market sentiments.

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Nifty Options Strike - Wise OI Distribution as on July 12, 2012



Call Option:

During the week ended July 12, 2012, maximum open interest was observed in Nifty July 5400 calls (See the blue bars), which stood at 88,63,450 shares. This suggests that Nifty may find it difficult to cross the 5400 levels in the coming week.

Put Option:

During the week ended July 12, 2012, maximum open interest was observed in Nifty July 5000 Puts (See the purple bars), This suggests that lot of traders expect the 5000 levels to hold in the coming sessions and that they expect the Nifty to trade between the 5000-5400 levels in the coming week.

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