Weekly Options Report for the week ended Aug 08, 2012 Aug 09, 2012

Options Open Interest Activity – Overall

	As on 080812 (No. of shares ('000s)			As on 010812 (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	67,000	77,668	1,44,668	57,979	63,890	1,21,869	15.6	21.6	18.7
Stock Option	2,37,097	1,14,543	3,51,640	1,70,873	80,751	2,51,624	38.8	41.8	39.7
Total Option	3,04,097	1,92,211	4,96,308	2,28,852	1,44,641	3,73,493	32.9	32.9	32.9

The week ended Aug 08, 2012 saw the Nifty surging higher as it broke out of the resistances of 5246 and touched a high of 5378. Total option OI increased by 32.9% indicating accumulation of fresh positions. This healthy build up of positions was probably due to the fact that the Nifty trended nicely on the upside this week thereby providing opportunities for the trader.

Examining the table above, we notice that the build up of fresh positions was more in the stock option segment. While the stock option OI rose by 39.7% W-o-W, the Nifty option OI increased by 18.7% over the same period. This probably indicates that traders preferred to take a view on specific stocks rather than the index.

Going forward, with the Aug near month series still some time away from expiry and the markets in a confirmed uptrend, we can expect a continued build up of fresh positions.

Options Volumes Activity

	As on 080812 (No. of contracts)			As on 010812 (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	63,53,947	66,34,820	129,88,767	78,45,783	81,78,099	160,23,882	-19.0	-18.9	-18.9
StockOption	5,86,550	3,17,685	9,04,235	6,41,776	4,08,592	10,50,368	-8.6	-22.2	-13.9
Total Option	69,40,497	69,52,505	138,93,002	84,87,559	85,86,691	170,74,250	-18.2	-19.0	-18.6

While there was a healthy build up of fresh positions, there was a decline in option volumes W-o-W. Option volumes dipped by 18.6% 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 18.9% dip in volumes in the Nifty option segment W-o-W, Stock option volumes decreased by 13.9% over the same period.

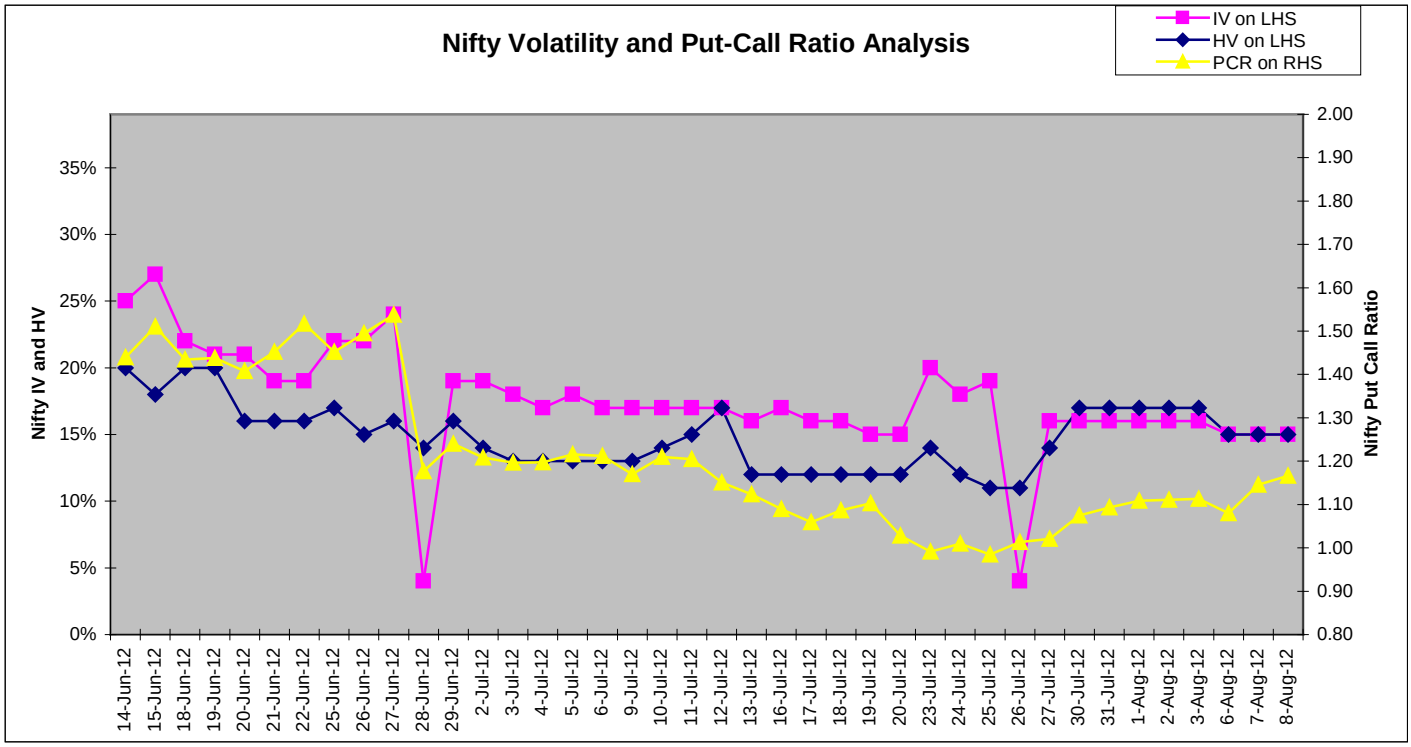
FII Activity in Options

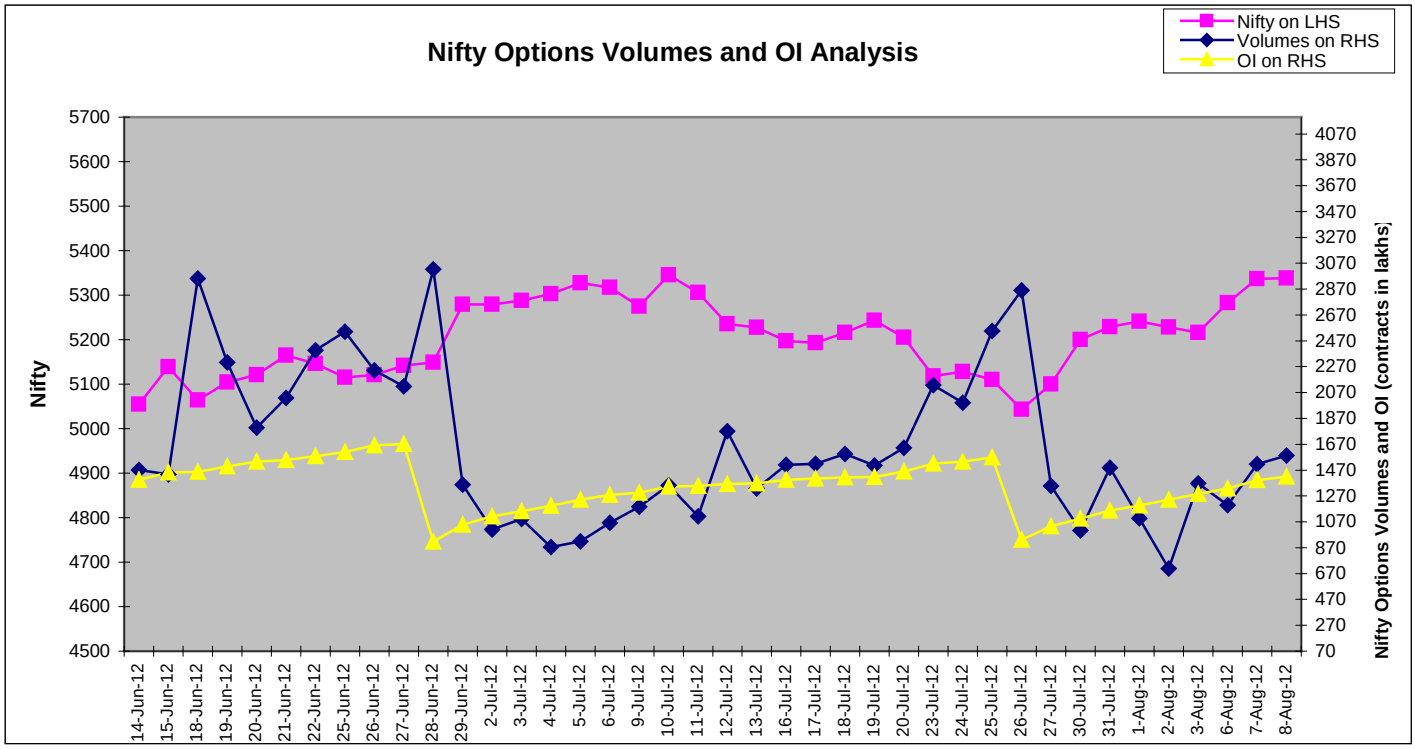
	BUY		SELL		Open Interest as on 080812		Open Interest as on 010812		Change in FIIs Open Interest (W-o-W)	
	No. of contracts	Amt in Rs.Crores	No. of contracts	Amt in Rs.Crores	No. of contracts	Amt in Rs. Crores	No. Of contracts	Amt in Rs. Crores	No. Of contract	Amt in Rs. Crores
Index Options	19,84,448	52,214	18,73,095	49,221	16,11,708	42,998	13,80,965	36,178	2,30,743	6,819
Stock Options	1,57,720	4,451	1,59,407	4,501	64,109	1,781	49,330	1,311	14,779	470

In the index options segment, FIIs were net buyers to the tune of 1,11,353 contracts. OI rose by 2,30,743 contracts indicating a build up of longs and shorts.

They were net sellers to the tune of 1,687 contracts in the stock options segment. OI rose by 14,779 contracts, which implies a build up of longs and shorts.

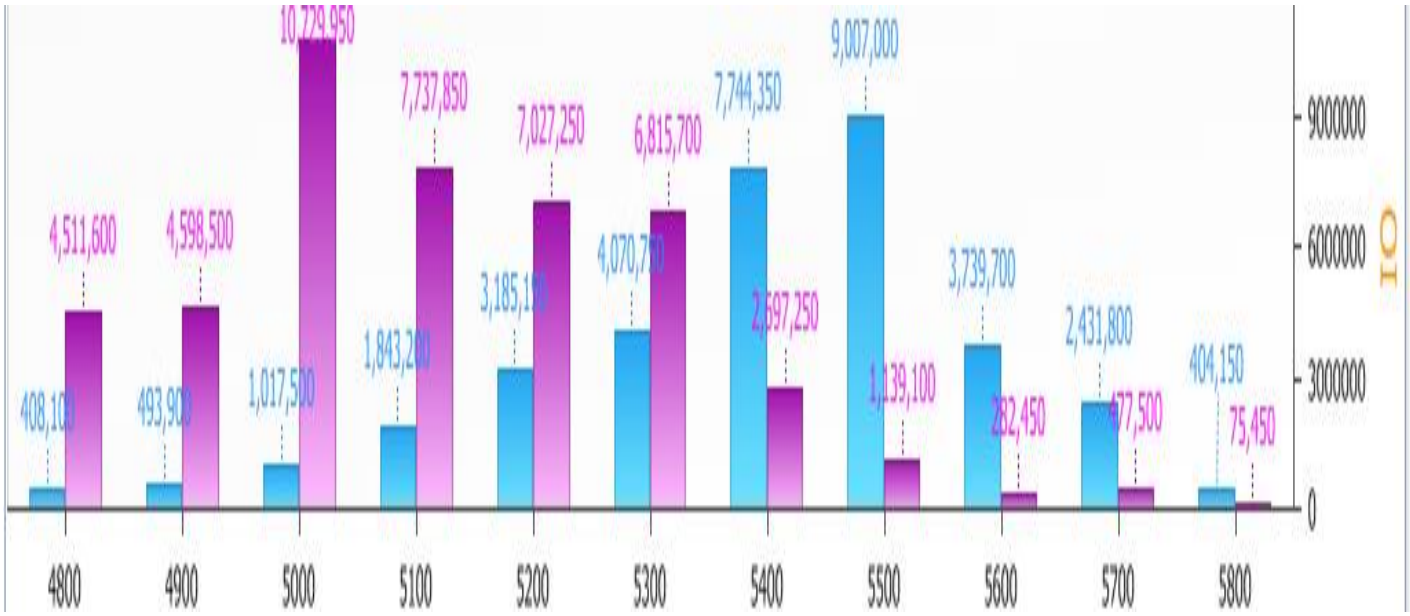
Nifty Options OI, Volumes, PCR and Volatility (IV – HV) Trend Analysis as on Aug 08, 2012





Volatility expectations declined during the week as the Nifty IV dipped to 15% from 16% last week. The HV declined to 15% from 17% last week indicating that options have become more expensive. The Nifty OI PCR gave bullish signals as it climbed to 1.17 from 1.11 levels last week.

Nifty Options Strike - Wise OI Distribution as on Aug 09, 2012



Call Option:

During the week ended Aug 09, 2012, maximum open interest was observed in Nifty Aug 5500 calls (See the blue bars), which stood at 90,07,000 shares. This suggests that Nifty may find it difficult to cross the 5500 levels in the coming week.

Put Option:

During the week ended Aug 09, 2012, maximum open interest was observed in Nifty Aug 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 5000-5500 levels in the coming week.

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