

# ROLLOVER ANALYSIS

May 31, 2024





# ROLLOVER ANALYSIS

## FIIS NET SHORT POSITIONS AT ALL TIME HIGH IN THE INDEX FUTURES SEGMENT

- The May series saw the Nifty witnessing a roller coaster ride. The series began with the Nifty gradually climbing higher and touching a new life high of 22795. But selling pressure emerged on the back of profit booking which pushed the Nifty to a low of 21821, before again recovering and touching a new all time high of 23110 on 27-May. Nifty again witnessed profit booking during the last week of the May series and finally ended the series with the losses of 0.36%. Bank Nifty outperformed the Nifty during the May series as it gained 0.65%.
- In the Stock futures' segment, we are starting the June series with open interest of 875 Cr shares as against 1002 Cr shares, at which we had begun May series. **This open interest is lower by 13% as compared to May series. This sharply lower Open Interest is largely on the back of fall in OI of IDEA (fall of more than 142 Cr shares).**
- We are starting the June series with higher Nifty Future OI of 1.44 Cr shares as against last series open interest of 1.24 Cr shares. **This higher Open Interest coupled with the fall in the Nifty during last week indicates short rollover to the June series.**
- We are starting the June series with a higher Bank Nifty future OI of 23.10 lakh shares as against 17.43 lakh shares last series.
- We have seen in lower rollover of 89% in the stock futures segment as compared to the last 3 series average rollover of 91%.
- Rollovers in the Nifty Futures to the June series stood slightly higher at 72% Vs 71% in percentage terms (Higher in number of shares at 1.44 Cr shares Vs 1.24 Cr shares) while rollover in the Bank Nifty futures stood lower at 68% vs last three series average rollover of 79% (Higher in number of shares at 23.10 Vs 17.43 lakh shares).
- Maximum open interest in Nifty monthly Call options (27 June Expiry) is at 24000 strike (44.29 Lakh shares), followed by 23000 strike (36.24 Lakh shares) and maximum open interest in Put options (27 June Expiry) is at 22000 strike (43.53 Lakh shares), followed by 21000 strikes(43.32 lakh shares).



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- FIIs' Long to short ratio in index futures at the beginning of the June series stood at 0.15 as against 0.64 last series. This indicates that FIIs have rolled over short positions to the June series in the Index futures segment. FIIs reduced their long positions by 80% on May expiry day, falling from 2.57 lakh contracts to 51k.
- Net short positions have surged to 2.97 lakh contracts, the highest level in over 12 years. The proportion of total long positions has decreased significantly from 49.5% to 12.9%.
- Client category net long to short ratio in the Index Futures segment stood higher at 2.24 as against 1.42 at which we begun last series.

## **ELECTION 2024-ACT BEFORE ITS TOO LATE**

- The outcome of the 18th Lok Sabha election is set to be announced on June 4<sup>th</sup> . Exit polls are anticipated to commence on the evening of June 1<sup>st</sup> following the conclusion of the final phase of the election. Consequently, market volatility is expected to escalate from June 3<sup>rd</sup> onwards, contingent upon the results of the exit polls. Another surge of volatility is anticipated on the vote counting day, i.e. June 4<sup>th</sup> .
- Election results hold immense significance for Indian markets. We are not psephologists and do not claim to have any unique insights into how this cookie will crumble. Over the past four election (2004, 2009, 2014, 2019), the Nifty experienced considerable volatility, with fluctuations of 30%, 30%, 14%, and 8%, respectively in the election month period.
- **History does not repeat itself but rhymes!** We anticipate a similar scenario this time around. Market expectations of volatility have propelled the India VIX to levels between 20-22%. Depending on the election outcome, Nifty may swing wildly on either side. Nifty has moved up by 25% in last one year(From 28 April 2023).



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- Therefore if you are a long term investor with a large portfolio and would like to remain fully invested, **its advisable to hedge the risk ahead of the binary event like general election outcome.** This can be done by buying Index Put Options. However, one should understand that hedging is like an Insurance, that comes at a cost.
- Traders who understand derivatives (Risks Vs Rewards) and would like to trade this event – **We prescribe different trading strategies that can be implemented according to three possible scenarios** – take a pick according to your choice ! For details [Refer our Election strategy report](#)

## For Investors who understand derivatives and would like to hedge the portfolio before election results.

- Our markets have risen twenty five percent in last one year. Election results have been notorious in springing a surprise to market participants. Therefore, for those who hold large portfolios and are fully invested, it is advisable for them to hedge full or part of their exposure. Here, the simplest thing to do is to buy Nifty Put Options.
- **STRATEGY : BUY NIFTY 22500 PUT AT Rs 402 (06 JUNE EXPIRY). LOT SIZE 25. CONTRACT VALUE Rs. 5,62,500**
- The quantity of Put options that need to be bought will vary depending on the size and composition of the portfolio.
- **Large cap Portfolio** : A portfolio with predominantly large cap stocks are likely to move in sync with Index. (Beta around 1) Assuming the size of the portfolio is Rs 1 Cr, one need to buy 18 lots (100 lakh/5.625 lakh) of Nifty 22500 Put options(06-June-Expiry).
- The cost of hedging Rs. 1 Cr portfolio will be approximately Rs. 1. 81 lakhs (1.84% of portfolio value at Nifty 22500 levels).



# ROLLOVER ANALYSIS

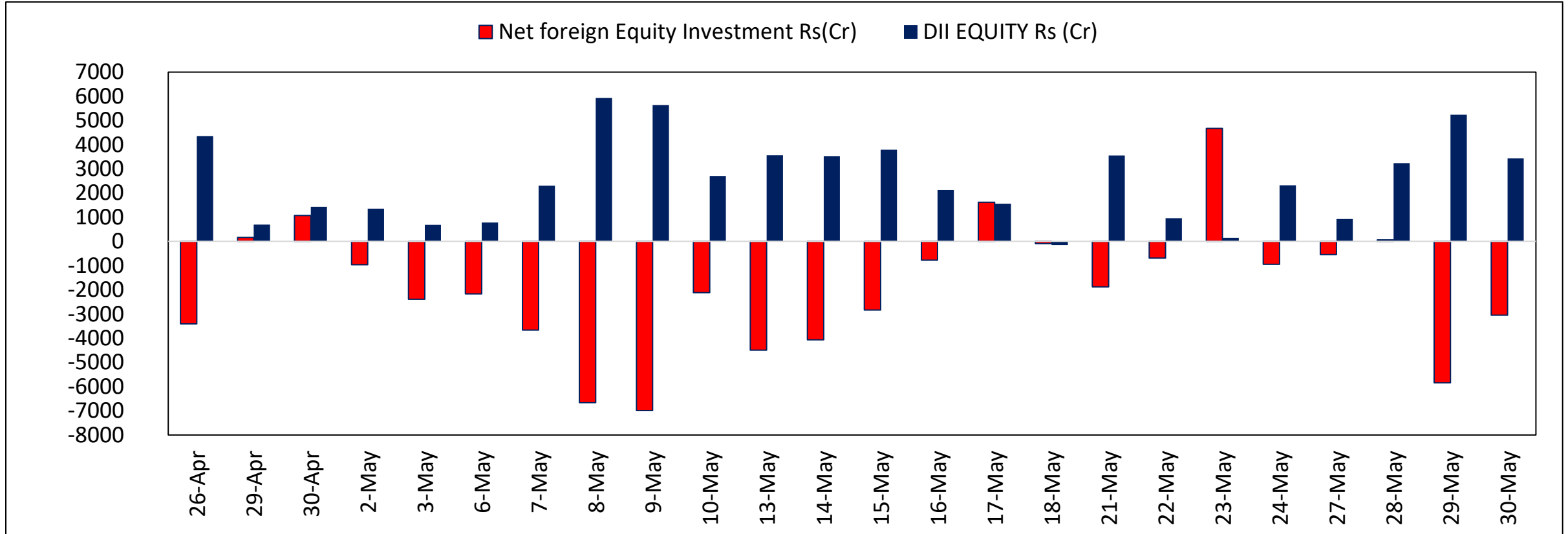
**For Traders we present three possible scenarios-Take your Pick !**

Number	SCENARIOS	PROBABILITY	IMPACT ON MARKETS
1	BJP led NDA gets more than 400 seats	Moderate	Market will rise Sharply. Markets are not expecting NDA to get more than 400 seats. Stocks across the board can do very well.
2	BJP led NDA gets around 320-380 seats	Higher	As expected by the market. Market will react positively as uncertainty will end. However upside will be capped. Midcaps can do well as event uncertainty is out of way.
3	NDA fails to form the Govt	Lower	Unexpected outcome for the Markets. Market will react sharply negatively on election results day.



# ROLLOVER ANALYSIS

## NET FII & DII EQUITY INVESTMENT (Rs Cr) FOR THE MAY SERIES (DAY WISE)





# ROLLOVER ANALYSIS

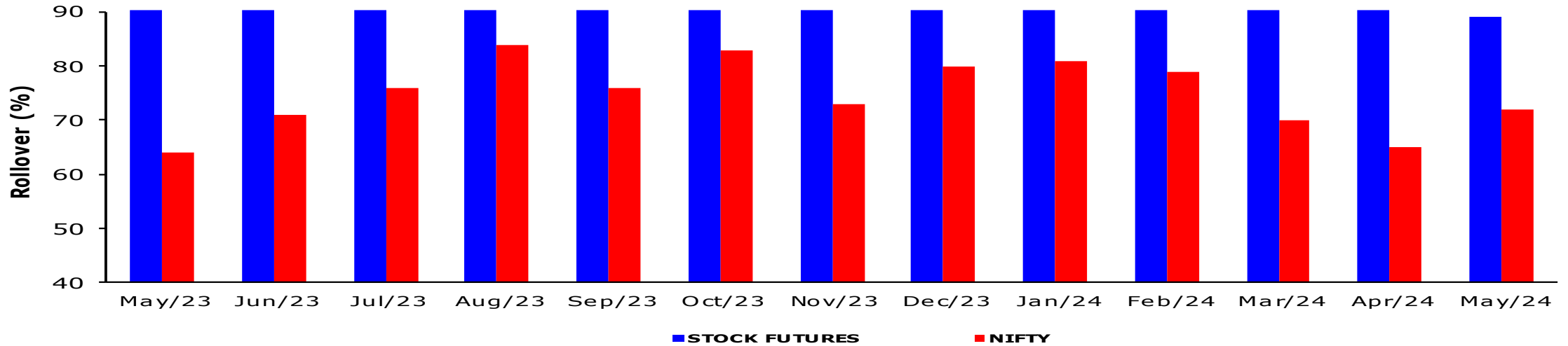
## EXPIRY SNAPSHOT

	MAY-24	APR-24	CHG %
<b>NIFTY</b>	22,488.65	22,570.35	-0.36
<b>BANKNIFTY</b>	48,501.35	48,189.00	0.65
<b>NIFTY (INDICES) OI</b>	397,817	495,517	-19.72
<b>STOCK FUT OI (Value Rs Cr)</b>	361,260	356,394	1.37
<b>NIFTY FUT OI (Number Of Shares Cr)</b>	1.44	1.24	16.13
<b>NIFTY OPT OI (Number Of Shares Cr)</b>	16.25	20.71	-21.54
<b>BANKNIFTY FUT OI (Number Of Shares Lakh)</b>	23.10	17.43	32.53
<b>STOCK FUT OI (Number Of Shares Cr)</b>	875	1,002	-12.67
<b>NIFTY OI PCR</b>	1.12	1.28	N.A.



# ROLLOVER ANALYSIS

## NIFTY & STOCK FUTURES ROLLOVER(%)



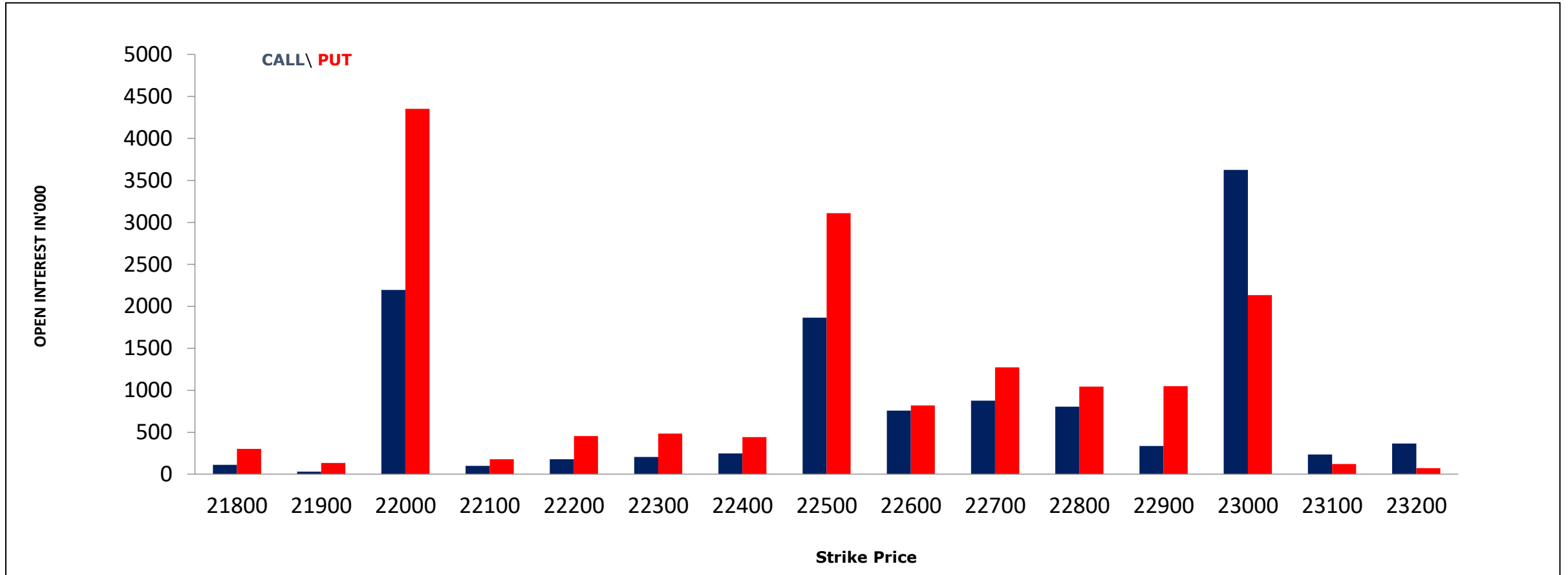
DATE	JUNE-23	JULY-23	AUG-23	SEPT-23	OCT-23	NOV-23	DEC-23	JAN-24	FEB-24	MAR-24	APR-24	MAY-24
STOCK FUTURES(%)	92	91	90	93	92	91	93	91	92	92	91	89
NIFTY(%)	76	84	78	76	83	73	80	81	79	70	65	72
BANKNIFTY (%)	79	77	77	86	79	80	81	77	74	87	77	68





# ROLLOVER ANALYSIS

## NIFTY OPTION (27-JUNE) OPEN INTEREST DISTRIBUTION





# ROLLOVER ANALYSIS

## SECTOR WISE ROLLOVER (%)

SECTOR	30 - MAY	25 - APR	3M AVERAGE
AUTO	90	90	92
BANKING/FIN	93	95	95
CEMENT	95	95	95
CONST/INFRA	93	97	94
ENGINEERING	94	91	93
FMCG	91	93	92
MEDIA	76	94	94
METAL	94	93	90
OIL/GAS	94	94	91
PHARMA	91	93	93
POWER	96	91	88
TECH	95	95	94
TELECOM	85	84	88



# ROLLOVER ANALYSIS

## SERIES TO SERIES (NO OF SHARES)

### LONG BUILDUP

COMPANY	OI CHANGE (%)	PRICE CHANGE (%)	JUNE ROLLOVER COST(%)	MAY ROLLOVER COST(%)
CUMMINSIND	85	11	10	4
EXIDEIND	46	11	12	10
HAL	36	24	10	10
DIXON	36	15	9	6
HINDALCO	34	7	8	7
BRITANNIA	33	7	8	6
IGL	32	1	-47	-3
INDIGO	29	9	7	7
ZYDUSLIFE	29	8	11	8
ABB	24	28	8	5

## SERIES TO SERIES (NO OF SHARES)

### SHORT BUILDUP

COMPANY	OI CHANGE (%)	PRICE CHANGE (%)	JUNE ROLLOVER COST(%)	MAY ROLLOVER COST(%)
CANBK	314	-7	8	11
LTTS	169	-12	-22	4
HDFCLIFE	61	-7	3	8
HINDCOPPER	37	-7	17	11
TITAN	36	-8	8	10
BAJFINANCE	34	-9	1	7
BERGEPAIN	34	-6	6	-1
TATAMOTORS	31	-8	1	10
APOLLOHOSP	29	-10	11	7
IDFC	29	-8	9	10



# ROLLOVER ANALYSIS

## SERIES TO SERIES

### LONG UNWINDING

COMPANY	OI CHANGE (%)	PRICE CHANGE (%)	JUNE ROLLOVER COST(%)	MAY ROLLOVER COST(%)
JKCEMENT	-41	-3	7	6
UBL	-39	-9	-2	-15
AMBUJACEM	-29	-3	4	8
MCDOWELL-N	-27	-2	9	10
DALBHARAT	-26	-2	2	4
SYNGENE	-26	-3	8	11
RBLBANK	-26	-8	11	11
LICHSGFIN	-25	-5	7	11
ACC	-24	-3	5	7
CANFINHOME	-23	-3	9	8

## SERIES TO SERIES

### SHORT COVERING

COMPANY	OI CHANGE (%)	PRICE CHANGE (%)	JUNE ROLLOVER COST(%)	MAY ROLLOVER COST(%)
OFSS	-46	4	9	10
PERSISTENT	-37	3	8	10
SUNTV	-37	6	-7	8
HAVELLS	-36	19	5	9
IDEA	-36	5	22	15
LALPATHLAB	-34	13	5	9
ABFRL	-33	10	-30	10
BOSCHLTD	-32	6	1	10
MARICO	-31	17	3	8
METROPOLIS	-30	8	6	-5



# ROLLOVER ANALYSIS

## PRICE GAINERS & LOSERS OF MAY SERIES (%)

### TOP GAINERS

COMPANY	PRICE 30 MAY	PRICE 25 APR	% CHANGE
BALKRISIND	3091	2391	29
ABB	8265	6432	28
CROMPTON	391	310	26
HAL	4976	4001	24
ASHOKLEY	220	178	24
PFC	500	407	23
OBEROIRLTY	1810	1474	23
BEL	291	238	22
SIEMENS	6985	5730	22
RECLTD	548	451	21

## PRICE GAINERS & LOSERS OF MAY SERIES (%)

### TOP LOSERS

COMPANY	PRICE 30 MAY	PRICE 25 APR	% CHANGE
AARTIIND	611	754	-19
SRF	2223	2639	-16
MANAPPURAM	168	194	-14
MCX	3606	4161	-13
LTTS	4550	5183	-12
PEL	800	908	-12
MGL	1281	1449	-12
HCLTECH	1332	1504	-11
DLF	802	894	-10
DEEPAKNTR	2184	2423	-10



# ROLLOVER ANALYSIS

## HIGHEST ROLLOVER STOCKS (%)

SYMBOL	30 MAY			25 APRIL		
	OPENING OPEN INTEREST	ROLL OVER (%)	ROLL COST %	OPENING OPEN INTEREST	ROLLOVER (%)	ROLL COST %
SAIL	178964000	98	11	162792000	96	11
AMBUJACEM	34992000	98	4	49527000	98	8
NATIONALUM	80040000	98	13	88477500	96	11
ZEEL	131334000	98	12	124800000	98	11
RELIANCE	41641000	98	9	41002750	95	7
GAIL	137204250	98	8	143934075	97	10
BANDHANBNK	95740000	98	9	101982500	97	10
BANKBARODA	178310925	98	9	155139075	94	11
ABBOTINDIA	150480	98	6	206640	99	11
CUMMINSIND	5736000	98	10	3099300	95	4

## LOWEST ROLLOVER STOCKS (%)

SYMBOL	30 MAY			25 APRIL		
	OPENING OPEN INTEREST	ROLL OVER (%)	ROLL COST %	OPENING OPEN INTEREST	ROLLOVER (%)	ROLL COST %
SUNTV	4554000	54	-7	7198500	90	8
MARICO	10038000	56	3	14570400	98	8
MCDOWELL-N	7696500	61	9	10601500	96	10
LALPATHLAB	1005900	66	5	1512900	80	9
ABFRL	28314000	66	-30	42242200	91	10
CONCOR	10885000	67	11	13335000	95	9
PEL	11894250	68	8	12027000	98	7
DIVISLAB	2592600	76	7	2743400	92	9
IDEA	2568400000	79	22	3987360000	86	15
UBL	1820400	79	-2	2961200	90	-15



# ROLLOVER ANALYSIS

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