

Weekly Derivative Futures Roundup for the week ended Feb 08, 2010

Feb 09, 2010

The week ended Feb 08, 2010 saw the markets moving sideways for the first half of the week and then continuing its journey southwards. All the major Index Futures too ended lower, with the Bank Nifty Futures being the biggest loser, down by 3.2% vis-à-vis previous week. Market participation was lower with the volumes falling compared to last week despite this week having 6 trading sessions (including a short trading session on Saturday) against 4 days in the last week. While turnover decreased by 22.05% W-o-W to Rs.1,81,720 crs. from Rs.2,13,820 crs. in the last week., the number of contracts traded declined by 20.24% to 66.2 lac contracts. The decrease was mainly as a result of the start of the new derivatives series last week when the activity is usually lower.

Indices Snapshot

	As on 080210	As on 010210	Change (Abs)	% Change
Nifty Futures	4764.9	4899.45	-134.74	-2.7
Bank Nifty Futures	8349.5	8625.45	-275.95	-3.2
CNX IT Futures	5495.45	5634.10	-138.65	-2.5
CNX Minifty Fut	4764.95	4899.85	-134.9	-2.8

Top Gainers and Losers

Major Gainers	% Price Change	Major Losers	% Price Change
Chambal Fert.	+8.66	Bajaj Hind	-14.80
Dabur	+6.84	Rolta	-12.70
Mphasis	+5.32	Renuka	-12.41
Jindal Saw	+3.01	Ranbaxy	-12.05
Chennai Petro	+2.71	ICSA	-11.33

Change in Volumes in Derivative Stocks

Top Volume Gainers	% Change	Top Volume Losers	% Change
Chambal Fert.	+275.28	Colgate Pal	-88.06
Opto Circuits	+272.87	Tulip	-82.12
Tata Power	+257.86	APIL	-75.07
Welspun Guj	+159.16	Lupin	-74.08
Nagarjuna Fert.	+147.83	Bosch Ltd.	-73.08

% Chg in Volumes & Turnover for the week from 0202 to 0802

	No. of Contracts (in Lakhs)	% Chg W-o-W	Turnover (in Rs. crores)	% Chg W-o-W
Index Futures	41.1	-10.06	95,834	-12.65
Stock Futures	25.1	-32.7	85,886	-30.39
Total	66.2	-20.24	1,81,720	-22.05

FII Weekly Derivative Statistics

	BUY		SELL		Open Interest as on 080210		Open Interest as on 010210		Change in FIIs Open Interest (W-o-W)	
	No. of contracts	Amt in Crores	No. of contracts	Amt in Crores	No. of contracts	Amt in Crores	No. Of contracts	Amt in Crores	No. Of contracts	Amt in Crores
Index Futures	4,09,292	9,954	4,26,436	10,335	6,50,256	15,855	635817	15902.32	14,439	-47
Stock Futures	1,85,642	5,984	1,69,078	5,453	7,87,647	24,267	754701	23975.75	32,946	291

- In the Index Futures segment, FIIs were net sellers of Rs. 381 crs or 17,144 contracts last week. This accompanied by the fact that the open interest has risen by 14,439 contracts suggests that FIIs were building fresh short positions. However, the value of OI has reduced marginally by about Rs.47 crores mainly due to the Nifty declining during the week.
- In the Stock futures segment, FIIs were net buyers of Rs. 531 crs. or 16,564 contracts last week. This was accompanied with the rise in OI by 32,946 contracts, which is significantly higher than the net buying happened in the stock futures segment. This indicates that fresh longs positions have been created.

A] Open Interest (OI) Analysis: based on stocks with the total OI volumes of more than 1,00,000 shares & price rise/fall of less than 10%.

Stocks witnessing Accumulation

Rise in Open Interest and Increase in Price		
% Change In		
Company	OI	Price
GAIL	+80.68	+0.07
Dabur	+74.31	+6.84
Chambal Fertilisers	+32.64	+8.66

Stocks witnessing Short covering

Fall in Open Interest and Increase in Price		
% Change In		
Company	OI	Price
Tata Tea	-27.52	+0.01
Mphasis	-14.95	+5.32
McDowells	-14.37	+1.50

Stocks with a Negative Bias

Rise in Open Interest and Decrease in Price		
% Change In		
Company	OI	Price
Tata Power	+47.43	-1.47
Dr. Reddys	+46.68	-0.48
ITC	+46.21	-0.57

Stocks witnessing Squaring up of Long Positions

Fall in Open Interest and Decrease in Price		
% Change In		
Company	OI	Price
PFC	-32.76	-0.93
APIL	-22.22	-0.39
Indian Bank	-20.32	-2.10

Futures Snapshot

	As on 080210		As on 010210		Change w-o-w	
	Open Interest (Rs.crores)	No. of shares ('000s)	Open Interest (Rs.crores)	No. of shares ('000s)	Open Interest (Rs.crores)	No. of shares ('000s)
Nifty Futures	15,950	33,506	15,200.6	31,024	749.4	2,482
Stock Futures	30,523	15,00,260	29,881.5	14,37,974	641.5	62,286
Other Index Futures	1,938	3,136	1,759.7	2,748	178.3	388
Total Fut	48,411	15,36,902	46,841.8	14,71,746	1,569.2	65,156

The week gone by saw build up of positions across all the categories of the futures market mainly as a result of the start of the new Feb series last week when participants are building fresh positions. While the Total Fut OI declined by 3.35% W-o-W, the Nifty Fut OI increased by 4.9% W-o-W in terms of number of shares. Going forward, we can expect continued fresh build up of positions in the new February series with a bias on the short side due to the likelihood of the markets falling further if the 4530 support is breached on the downside.

Cost of Carry (CoC):

CoC turned +ve	% Price Change	CoC turned -ve	%Price Change
Tata Power	-0.62	DCHL	-2.01
ABB	-2.71	Crompton Gr.	-5.67
Tata Comm	-5.23	Polaris	-7.06
Cipla	-2.76	Sun TV	-1.25
ONGC	1.45	Colgate Pal.	-3.87

Highest Cost of Carry

Scrip	Cash Price	Fut Price	CoC in %
CESC	401	404.50	20
Tulip	957	963.7	15
Hotel Leela	48	48.35	13
BRFL	209	209.95	13
DCHL	146	147.25	13

Lowest Cost of Carry

Scrip	Cash Price	Fut Price	CoC in %
Sesa Goa	362	352.85	(56)
Ambuja	101	99.75	(28)
National Aluminium	364	359.8	(24)
Patni	459	454.55	(22)
Piramal Health	365	361.15	(22)

Sectoral Analysis

Sectors	T		(T-1)		((T)-(T-1))/(T-1)	
	Open Interest on 08 Feb (T)	Volumes on day (T)	Open Interest on 01 Feb (T-1)	Volumes on day (T-1)	Open Interest % Change	Volumes % Change
Fertilisers	33.302.900	10.336	29.486.950	3.775	12.94%	173.80%
FMCG	37.191.101	11.678	33.021.767	11.326	12.63%	3.11%
Index	36.641.160	909.030	33.771.100	578.652	8.50%	57.09%
Metals	196.897.996	100.047	182.035.132	75.333	8.16%	32.81%
Automobile	34.067.864	23.358	31.567.948	28.702	7.92%	-18.62%
Infrastructure	99.996.336	22.353	92.860.648	17.459	7.68%	28.03%
Sugar	53.330.900	12.599	49.867.100	9.749	6.95%	29.23%
Cement	57.760.722	19.018	54.010.096	16.711	6.94%	13.81%
Pharma	25.797.005	8.241	24.271.620	10.560	6.28%	-21.96%
Realty	105.185.400	30.049	99.057.100	34.158	6.19%	-12.03%
Power	156.456.779	32.296	148.851.430	37.436	5.11%	-13.73%
Oil & Gas	118.498.312	44.504	114.036.209	37.724	3.91%	17.97%
Telecom	186.403.900	22.044	181.038.275	28.455	2.96%	-22.53%
Technoloav	60.594.775	30.355	59.882.775	33.990	1.19%	-10.69%
Finance	115.052.499	26.743	113.795.816	21.864	1.10%	22.32%
Hotels	10.382.646	1.040	10.303.038	569	0.77%	82.78%
Media	33.512.475	2.484	33.303.400	2.245	0.63%	10.65%
Banking	98.060.298	69.247	98.297.097	70.734	-0.24%	-2.10%
Textile	7.602.800	1.226	7.843.700	1.650	-3.07%	-25.70%
Others	15.771.930	2.054	16.355.620	2.270	-3.57%	-9.52%
Transport	25.442.400	2.654	27.124.850	3.171	-6.20%	-16.30%

Note:- Thus 'T' is the latest week while 'T-1' signifies week ended 2 weeks back

With the start of the new February derivatives series, most of the sectors saw fresh build up of positions except Textiles and Transport, which saw a decline this week. The Fertilizer sector looks the most promising with the OI and volumes seeing the maximum build up this week i.e. rise of 12.94% in OI and 173.80% in volumes.

Dark horses for the week

Scrip	Fut CMP	Price Chg% (W-o-W)	OI (Units) 01 Feb 10	OI (Units) 08 Feb 10	OI Chg % (W-o-W)	Vol chg % (W-o-W)
GAIL	411.55	0.07%	2207250	3988125	80.68%	1.92%
DABUR	175.8	6.84%	588600	1026000	74.31%	83.07%
RANBAXY	402.9	-12.05%	2523200	3720800	47.46%	23.06%
TATAPOWER	1276.5	-1.47%	1245200	1835800	47.43%	257.86%
DRREDDY	1118.7	-0.48%	849200	1245600	46.68%	22.91%
ITC	246	-0.57%	7318125	10699875	46.21%	30.44%
HINDALCO	136.65	-8.75%	16573298	23085116	39.29%	93.36%
CHAMBLFERT	72.15	8.66%	5782200	7669350	32.64%	275.28%
NTPC	201.7	-4.04%	23278125	30293249	30.14%	-48.55%
HINDZINC	1067.3	-4.25%	423500	546500	29.04%	44.00%

Stocks with current OI higher than last week's OI usually have a lot of potential either on the upside or downside. This is because there is a higher than average build up in fresh positions implying that something is cooking up in that stock.

The table above gives the list of stocks with the highest build up in OI W-o-W. Combining this derivatives data with technical analysis, we believe that stocks like Chambal fertilizers and Dabur offer the most potential on the long side. Stocks that one could short are ITC, Hindalco and NTPC.

Market Outlook

The week gone by saw the markets moving sideways for the first half of the week and then continuing its journey downwards. The benchmark indices are currently consolidating/ moving sideways and could move down further in the days to come. The OI has started rising with the build up happening in the new series. The Nifty OI PCR is down to 1.02 from 1.17 last week and is approaching oversold zone. Nifty IV is steady at 28%.

Technically, after moving sideways for the last 4-5 sessions, we could see one more leg of downward movement opening later this week. The downside supports to watch are at 4530 levels. In case of bounces, the 4800 could be the immediate resistance level for the Nifty.

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