

Nifty Weekly Update

Particulars	Current	Previous
Spot	5333.55	5359.40
Mar Close	5364.15	5396.50
Apr Close	5401.10	5433.35
Mar OI (Shrs Cr)	2.53	2.51
Apr OI (Shrs Cr)	0.38	0.20
Mar CoC (%)	10.47	9.72
Apr CoC (%)	9.63	9.33
Market OI (Rs Cr)	115093	105613
Market CoC (%)	12.37	10.63

Key Index Indicators

	SENSEX	NIFTY
8-day EMA	17464.85	5311.17
21-day EMA	17551.24	5328.30
50-day EMA	17252.80	5221.32
200-day EMA	17236.86	5190.02
13-week EMA	17236.84	5215.07

PLAN OF ACTION

In the view of the recent movement, Nifty is likely to hover in the range of 5200-5500 for the week. The domestic events could result to rise in volatility in the very short term scenario. If Nifty drops below 5300, it is expected to test lower support of 5200 levels.

Range for the week: 5200-5500
Critical support: 5300; 5250; 5200
Critical resistance: 5400; 5450; 5500

Longs for the week: Reliance, SBIN, ICICI Bank, ACC, Lupin, Polaris and LT

Shorts for the week: Infy, Ranbaxy, and Dabur



Nifty Weekly Round-up

The Nifty opened the week on a weak note below 5350 mark and plunged for the rest of the day and tested a low around 5260 levels. The index opened positive on the following day and staged a smart recovery towards the 5400 mark. However, post the state election results; the Nifty struggled to sustain and witnessed sharp decline towards the 5200 levels. On Friday; the index opened gap up and surged to sustain above the 5300 levels. Post the market RBI surprised with a 75 Bps cut in CRR which would show its effect in today's trades. Global cues remained flattish during the week. Overall the market closed the week in the red with a marginal loss of 0.48% W/W.

On F&O front, the Index has total open interest (OI) of Rs18,845 crore in futures and Rs57,520 crore in options by Friday. The Nifty added OI of 1.46% on Friday and 12.60% W/W on the back of flattish cost-of-carry which ended at 10.47% indicating addition of speculative long positions.

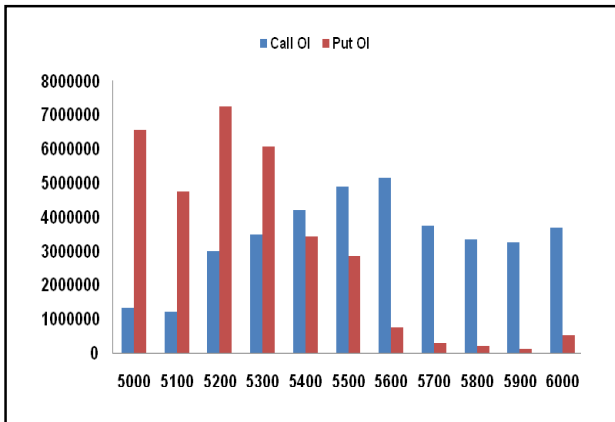
The premium has dropped marginally in Nifty to 30.60 points for the March series from the earlier premium of 37.10 points while it decreased to 67.55 points for the April series. The implied volatility (IV) of calls decreased and closed at 23.44% while that for put options dropped to 27.07%.

On technical front, the last week's movement was on the back of decreasing volumes. The Nifty managed to climb above the 8 and 21-day EMA's indicating short term strength. Among indicators the 14-day RSI has recovered after finding support at 40 levels of the scale and is yet to trigger a fresh buy signal.

Nifty Directional: Buy Nifty Mar Fut @ 5375-5380; Average: 5300; Stop loss: 5270; Tgt: 5450, 5500; Time Frame: 1 Week.

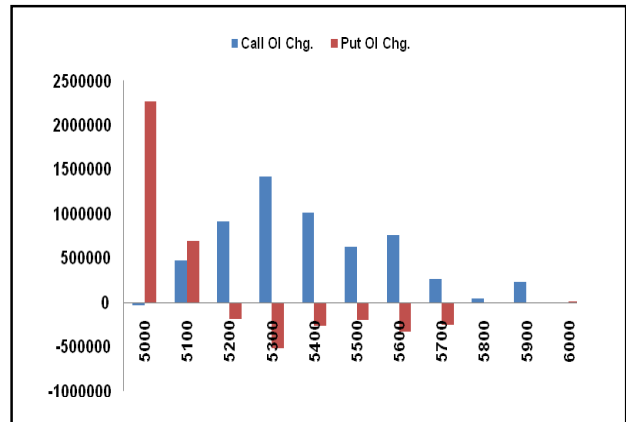
Nifty Covered Call Strategy: Buy 1 lot of Nifty March Fut. @ 5375-5380 and Sell 1 lot of March 5500 CE @ 70-75, BEP: 5310; Maximum Profit: Rs. 9,500 and Maximum Loss: Unlimited below 5310. Stop Loss: 5270 (Spot Level)

Nifty Options: Total OI



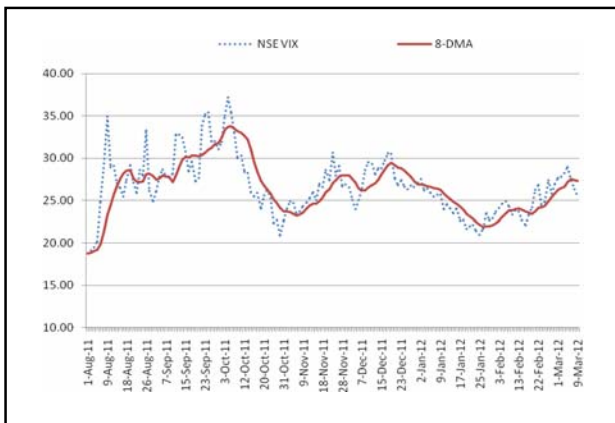
Among Nifty options, the 5200 and 5300 strike puts have the highest open interest of more than 72 and 60 lakh shares respectively followed by 5600 strike call with more than 51 lakh shares. While, among other call options 5500 & 5400 strikes have OI above 48 and 42 lakh shares respectively.

Nifty Options: Weekly Change



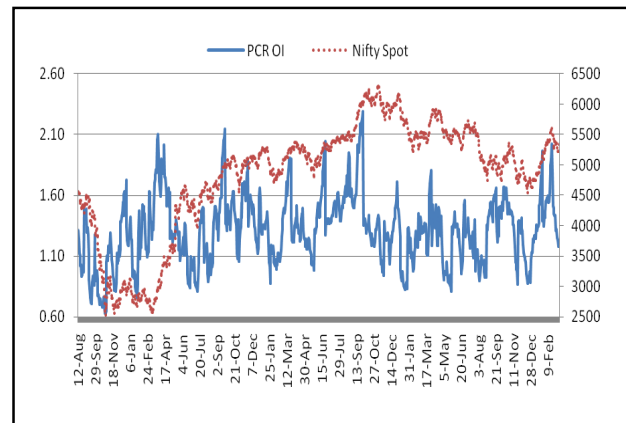
Last week, the 5000 strike put witnessed highest addition of open interest of over 22 lakh shares in OI followed by 5300-strike and 5400-strike calls with more than 14 and 10 lakh shares respectively. Among closure of positions 5300-strike put shed above 5 lakh shares in open interest.

Nifty VIX



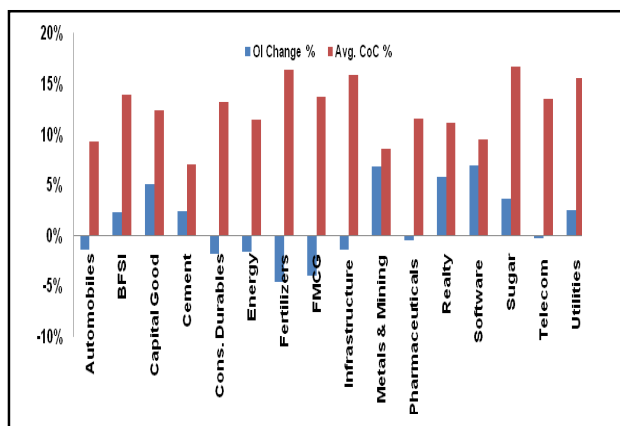
The Nifty VIX increased sharply in the beginning of the week. However, it cooled off towards the 25 levels by weekend. It is currently trading below its 8-day EMA and is expected to rise from current levels ahead of domestic events.

Nifty PCR OI



PCR OI dropped during the week and consolidated until mid-week. It dropped further towards the weekend trades. It is currently trading in the comfort zone.

Sectoral Weekly Update



Liquid Futures & Options

For the week, we have picked liquid futures from automobile, BFSI, energy, realty, software, FMCG and capital goods, sectors. Long positions can be assumed in energy, BFSI, Telecom and cement if markets hold above 5350 levels. Short positions can be accumulated in FMCG and software if Nifty fails to breach past 5500 levels. On the options front, at-the-money March call options of cement and BFSI stocks like ACC and SBIN can be bought at current levels, while out-of-money March call options of Software stocks like TCS and INFY can be written from higher levels.

Weekly Recommendations

Symbol	Action	Entry	SL	Target
Reliance	Long	Above 780	765	805,825
SBIN	Long	Above 2250	2210	2320,2350
ICICI Bank	Long	Above 920	900	950, 965
ACC	Long	1310-1315	1290	1365,1380
Lupin	Long	495-500	480	520, 530
Polaris	Long	168-170	164	178, 180
LT	Long	Above 1320	1290	1370,1385
Infy	Short	Below 2850	2880	2800, 2775
Ranbaxy	Short	422-425	440	400, 380
Dabur	Short	104-105	110	97, 95

Note: Expiry: March; timeframe: 1week; SL: Stop Loss; Tgt: Target

Snapshot

The overall market added 0.87% in open interest on Friday and added 1.67% W/W, on the back of rising cost-of-carry to 12.37% (from 11.65% earlier), indicating accumulation of speculative long positions.

The Software space added the highest open interest (6.91%) followed by the Metals space (6.85%). The highest shedding in open interest was seen in the Fertilizers space (4.65%) followed by the FMCG sector at 4.07% respectively.

Tata Motors February series ATM and OTM put options strikes saw fresh addition of short positions, indicating that the stock is likely to trade with a positive bias in the near term.

Hybrid strategy

Covered Call in Axis Bank

Axis Bank saw addition of long positions in the futures segment during the last week as the stock added 20.15% with a cost of carry of 0.15%, while for the week the stock gained 3.52%. On the options front the 1200 March put option has seen short buildup of 79,000 shares in open interest while the OTM call option strike of 1300 has seen a buildup of 1,49,250 shares in open interest indicating that the stock is like to face resistance in the 1280-1300 zone. The 14 day RSI has given a fresh buy signal in the last session while the weekly MACD is in the buy mode indicative of bullish moves in the coming sessions.

Buy one Axis Bank March Fut. @ 1213-1215 and sell one March 1300 CE @ 25, BEP: 1190, Max Profit: Rs. 27,500 if stock expires at or above 1300. Max Loss: Unlimited if the stock expires below 1190. Stop Loss: 1185 (Spot Levels).

Pair Strategy

Infy and TCS

Infy and TCS have seen correlated movements in the past, with rolling price correlation of 82% in the last six-month data set. TCS had outperformed Infy in the recent past. The current price ratio of Infy and TCS is 2.31. The ratio is currently trading higher; we believe that it is likely to diverge from mean levels. The mean price ratio is 2.40 and the current price ratio is only 1.97 standard deviation levels away from mean. There is high probability of divergence between the stocks from current levels.

Buy Infy one lot March fut @ 2880-2884 and sell one lot of TCS March fut @ 1215-1218; current price ratio: 2.31; Target: 2.20 and 2.17; SL: 2.40.

Global: The Week That Was...

Global markets traded with a flat-to-positive bias last week. Dow Jones faced resistance around the 13,000 mark, and as of Thursday closed a little over 12,900. The FTSE 100 took support around the 5820-5850 levels but was unable to take out its resistance zone of 5930-5950 as of Thursday. The CBOE VIX rose at the start of the week above the 20% mark but cooled off towards the end and ended the week at 17.95% indicative of bullish sentiments prevailing on the street. In major financial news, investors with 95.7% of Greece's privately held bonds would participate in the biggest sovereign debt restructuring in history. The government said that bondholders tendered \$ 201 billion of Greek-law bonds in response to the offer to swap their holdings.

Global Index Trends

Index	Levels	Value	%Change
Dow Jones	12922.02	14.08	0.11
NASDAQ	2988.34	17.92	0.60
S&P 500	1370.87	4.96	0.36
FTSE 100	5887.49	27.76	0.47
NIKKEI 225	9960.79	31.05	0.31
Hang Seng	20963.26	122.74	0.58

Weekly Economic Events

Advance Retail Sales (US)	-	Tuesday, March 13, 2012 (Survey: 1%)
FOMC Rate Decision (US)	-	Tuesday, March 13, 2012 (Survey: 0.25%)
Monthly WPI (INDIA)	-	Tuesday, March 13, 2012 (Survey: 6.69%)
Unemployment Rate (UK)	-	Wednesday, March 14, 2012 (Survey:8.4%)
Initial Jobless Claims (US)	-	Thursday, March 15, 2012
Continuing Claims (US)	-	Thursday, March 15, 2012
RBI Meet (India)	-	Thursday, March 15, 2012
Employment Rate (Euro Zone)	-	Thursday, March 15, 2012
Industrial Production (US)	-	Friday, March 16, 2012 (Survey: 0.40%)
Capacity Utilization (US)	-	Friday, March 16, 2012 (Survey: 78.80%)

FII Derivatives Over the Week

	Index Futures		Index Options		Stock Futures		Stock Options	
	Net	OI	Net	OI	Net	OI	Net	OI
03-Mar-12	12.25	478114	300.33	1557113	-310.17	975659	23.96	47084
05-Mar-12	20.66	479283	20.3	1557265	10.01	974409	0	47084
06-Mar-12	132.49	482036	-682.51	1635512	-34.4	978596	-13.38	48839
07-Mar-12	-376.4	517179	-105.97	1664031	301.97	976177	-1.51	51273
09-Mar-12	-742.67	499120	-135.39	1710775	-183.41	987756	3.08	53940

Weekly Pivot Table						
SCRIP	LTP	S2	S1	Pivot Point	R1	R2
SENSEX	17503.24	17247.76	17375.50	17453.56	17581.30	17659.36
NIFTY	5333.55	5271.78	5302.67	5322.48	5353.37	5373.18
ACC	1318.75	1286.92	1302.83	1317.02	1332.93	1347.12
AMBUJACEM	163.10	159.57	161.33	162.87	164.63	166.17
AXISBANK	1213.40	1171.80	1192.60	1205.80	1226.60	1239.80
BAJAJ-AUTO	1752.85	1720.15	1736.50	1755.75	1772.10	1791.35
BHARTIARTL	338.85	327.82	333.33	336.57	342.08	345.32
BHEL	278.75	270.05	274.40	277.45	281.80	284.85
BPCL	664.30	642.43	653.37	659.73	670.67	677.03
CAIRN	375.20	356.87	366.03	371.27	380.43	385.67
CIPLA	307.55	304.18	305.87	308.68	310.37	313.18
COALINDIA	336.05	325.52	330.78	334.27	339.53	343.02
DLF	204.05	199.15	201.60	204.05	206.50	208.95
DRREDDY	1702.25	1690.82	1696.53	1703.27	1708.98	1715.72
GAIL	349.15	343.98	346.57	349.83	352.42	355.68
GRASIM	2713.95	2625.98	2669.97	2694.98	2738.97	2763.98
HCLTECH	506.90	489.77	498.33	505.77	514.33	521.77
HDFC	680.50	653.17	666.83	674.57	688.23	695.97
HDFCBANK	523.20	515.93	519.57	523.28	526.92	530.63
HEROMOTOCO	1911.05	1867.75	1889.40	1911.65	1933.30	1955.55
HINDALCO	134.60	130.40	132.50	134.30	136.40	138.20
HINDUNILVR	382.25	376.68	379.47	383.78	386.57	390.88
ICICIBANK	914.20	861.27	887.73	902.42	928.88	943.57
IDFC	145.85	138.55	142.20	144.65	148.30	150.75
INFY	2855.30	2813.77	2834.53	2868.77	2889.53	2923.77
ITC	208.25	204.32	206.28	209.52	211.48	214.72
JINDALSTEL	575.05	530.95	553.00	567.10	589.15	603.25
JPASSOCIAT	78.20	73.47	75.83	77.37	79.73	81.27
KOTAKBANK	558.45	545.15	551.80	558.30	564.95	571.45
LT	1302.35	1241.25	1271.80	1290.90	1321.45	1340.55
M&M	676.95	650.38	663.67	674.28	687.57	698.18
MARUTI	1341.35	1301.12	1321.23	1340.12	1360.23	1379.12
NTPC	173.65	168.18	170.92	172.78	175.52	177.38
ONGC	282.90	277.97	280.43	282.32	284.78	286.67
PNB	957.70	935.30	946.50	953.25	964.45	971.20
POWERGRID	110.15	108.35	109.25	110.00	110.90	111.65
RANBAXY	415.85	407.08	411.47	418.98	423.37	430.88
RCOM	94.75	92.05	93.40	94.45	95.80	96.85
RELIANCE	773.80	763.80	768.80	774.20	779.20	784.60
RELINFRA	639.45	612.35	625.90	636.80	650.35	661.25
RPOWER	131.10	126.33	128.72	132.08	134.47	137.83
SAIL	94.80	91.47	93.13	94.17	95.83	96.87
SBIN	2226.40	2164.27	2195.33	2219.17	2250.23	2274.07
SESAGOA	201.20	193.47	197.33	200.62	204.48	207.77
SIEMENS	789.15	768.52	778.83	793.27	803.58	818.02
STER	114.45	111.12	112.78	114.02	115.68	116.92
SUNPHARMA	570.15	555.65	562.90	569.45	576.70	583.25
TATAMOTORS	280.65	268.58	274.62	278.28	284.32	287.98
TATAPOWER	108.65	106.18	107.42	109.33	110.57	112.48
TATASTEEL	455.20	422.77	438.98	448.22	464.43	473.67
TCS	1208.55	1188.78	1198.67	1212.83	1222.72	1236.88
WIPRO	432.20	417.70	424.95	436.50	443.75	455.30

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