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TODAY'S BETS

Nifty likely to trade in a range of 5400-5700

THE Nifty continued to head higher, moving towards the resistance zone of 5600-5650 levels, helped by strong fund flows. Nifty futures opened at 5585, were high at 5613, low at 5572 and finally closed at 5592 levels. For the September series, open interest is the highest at the 5400 put option and open interest in calls is the highest at the 5700 levels. This suggests 5400-5700 to be the broad trading zone for short term.

Nifty futures OI gained 4%. Nifty 5600 put options saw a gain of 58% over the previous day while unwinding was seen at 5600 call options. Sector-wise, open interest is still the highest in banking, metals, power, infra, and telecom sectors. The metal sector continues to add long positions, suggesting some further upsides in the short term while the banking space may see some profit-booking at higher levels. Positions remain high in this space, but we are seeing a buying interest in stocks like SBI and ICICI bank.

Also, we have seen high activity in stock options in the current series which indicates that participants are expecting some volatility in the near term. Also, sectors, like fertilisers and sugar, continue to see interest



on declines, suggesting more up-move in these.

We have also seen unwinding of positions in earlier underperformers like Reliance, Unitech, JP Associates indicating some short-covering activity in these stocks. There could be more upsides here from a short-term perspective on account of short-covering. Also, we have seen a build-up in the cement space, which again has been an underperforming space. While the current upmove is newsflow-driven about a hike in cement prices, the broad sectoral participation is suggestive of more upsides from a medium-term perspective. Overall bullish bias prevails, but playing the current up-move using options is advisable.

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