

**Nifty Weekly Update**

Particulars	Current	Previous
Spot	5907.40	5879.85
Near Close	5944.90	5909.05
Mid Close	5978.50	5941.60
Near OI (Shrs Cr)	2.06	1.94
Mid OI (Shrs Cr)	0.08	0.08
Near CoC (%)	10.09	6.71
Mid CoC (%)	7.45	6.18
Market OI (Rs Cr)	124891	104629
Market CoC (%)	10.18	8.51

**Key Index Indicators**

	SENSEX	NIFTY
8-day EMA	19249.25	5855.30
21-day EMA	18964.28	5767.76
50-day EMA	18680.74	5677.73
200-day EMA	17873.05	5419.26
13-week EMA	18648.55	5666.68

**PLAN OF ACTION**

*The Nifty staged a strong upmove above 5800 levels. Short term indicators are indicating Nifty to extend its upmove towards 6000 levels. It is likely to hover in the range of 5750-6000 levels for the week.*

**Range for the week:** 5750-6000  
**Critical support:** 5800, 5780, 5750  
**Critical resistance:** 5930, 5950, 6000

**Longs for the week:** Canara Bank, Hindalco, RPower, BPCL, DLF.

**Shorts for the week:** Sun Pharma, Infy, Hexaware, Ranbaxy



**Nifty Weekly Round-up**

The Nifty opened on a positive note last week around 5880 levels and strong buying interest through the week before seeing some profit booking on Friday. The Index saw massive participation in Banking sector. The global cues are expected to remain positive this week. The market closed in the green, gaining 1.68% W/W.

On the F&O front, the overall market open interest (OI) ended at Rs1,24,891 crore. The Index has a total OI of Rs 15,369 crore in futures and Rs 64,109 crore in options. The Nifty added OI of 1.58% W/W. The cost-of-carry rose from 4.67% to 12.95%.

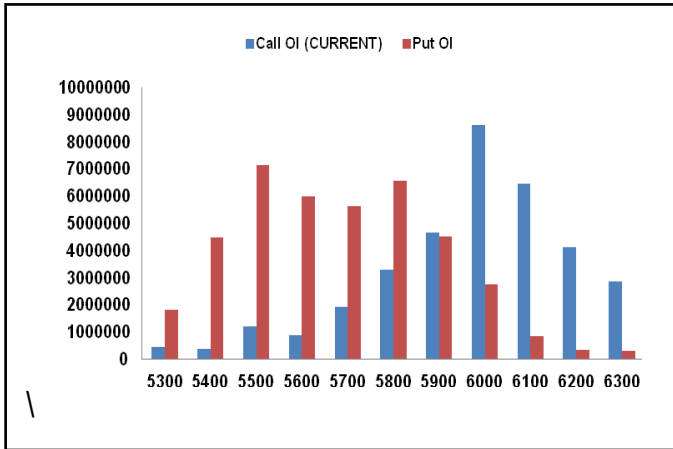
For the December series, the basis increased to a premium of 37.50 points from 29.20 points over the week. For the January series, the premium rose to 71.10 points from 61.75 points. The implied volatility (IV) of calls fell on Friday to close at 17.14% from 14.77% last week, while that for put options rose to 15.13% from 13.67%. Overall market cost-of-carry increased to 10.18% from 8.51% on the back of addition in open interest of 6.22% W/W.

On the technical front, the Nifty has given a strong breakout above 5800 levels. Going forward, it is expected to trade with positive bias with strong buying interest coming in at every dip. Nifty might face resistance at 5950-6000 levels Any breach below 5750 would induce some profit booking taking Nifty towards the support zone of 5700 mark which will remain a crucial point of observation for the week.

**Nifty Directional:** Buy Nifty Dec futures @ 5900-5920; average: 5860; stop loss: 5820; target: 6020-6050; timeframe: 1 week.

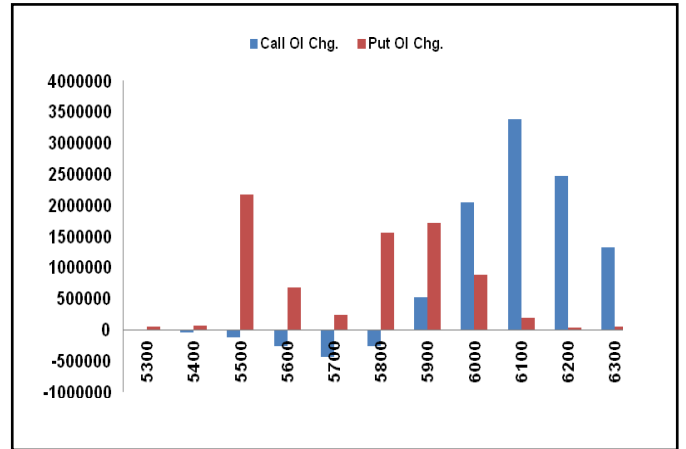
**Nifty Covered Call:** Buy one Nifty Dec futures @ 5900-5920 and sell one Nifty Dec 6000 CE @ 46-48; BEP: 5874; UBEP; max profit: Rs.6,400; max loss: Unlimited below BEP; Stop loss: 5820 (spot levels).

Nifty Options: Total OI



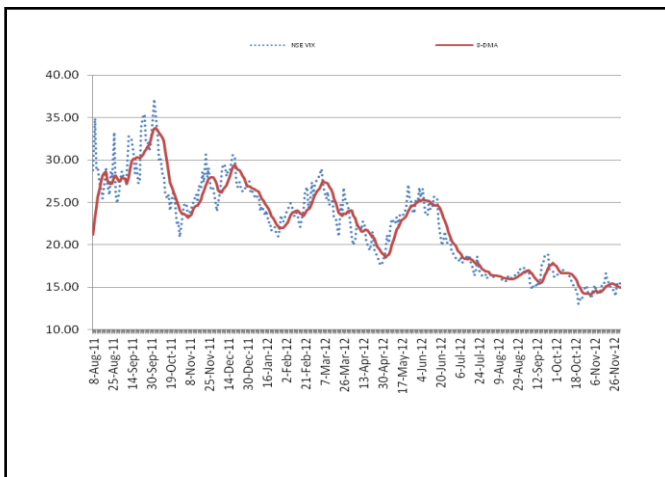
Among Nifty options, the 6000-strike call has the highest open interest of 86 lakh shares followed by the 6100-strike call and 5800-strike put which have OI of over 64 lakh shares and 65 lakh shares, respectively.

Nifty Options: Weekly Change



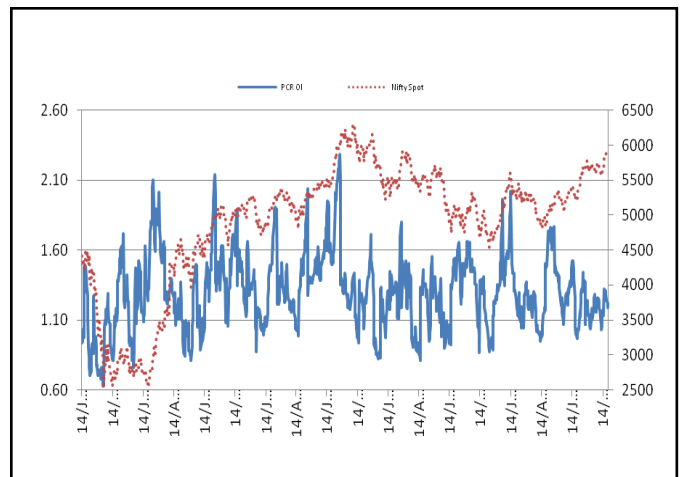
Last week, the 6100-strike call saw the highest addition of open interest of over 33 lakh shares, followed by 6200-strike call and 5900-strike put with addition of over 24 lakh and 17 lakh shares respectively.

Nifty VIX



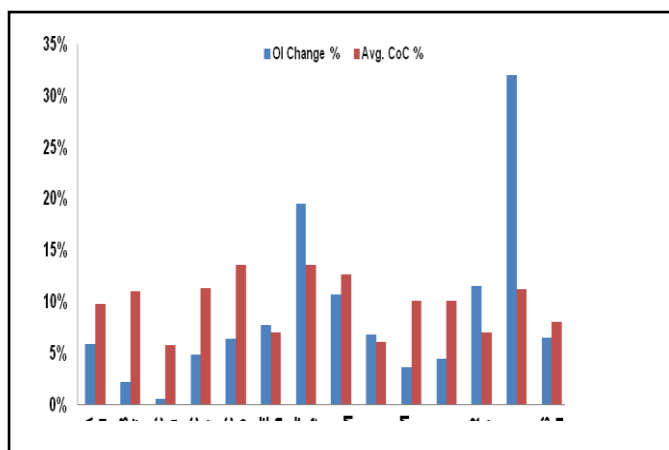
The Nifty VIX for the week rose from levels of 15.15 to close at 14.96 and is currently below its 8-day EMA.

Nifty PCR OI



The PCR OI for the week fell from levels of 1.28 to close at 1.19 and is currently trading in comfortable zone.

## Sectoral Weekly Update



## Liquid futures &amp; options

For the week, we have picked liquid futures from Realty, Banking, Oil and Gas, Power, IT, Consumer Durables Pharma and Metals. Long positions can be assumed in Banking, Realty, Metals, Power, and Oil and Gas sectors if markets sustain above 5830 levels. Short positions can be accumulated IT and Pharma and if the Nifty breaches 5800 levels. On the options front, at-the-money December call options of Banking, Oil and Gas, Power, Metals like BPCL, Reliance Power, Canara Bank and Hindalco can be bought at current levels, while out-of-the-money December call options of IT and Pharma sectors like Cipla, Infosys, Hexaware and Sun Pharma can be written from the higher levels.

## Weekly Recommendations

Symbol	Action	Entry	SL	Target
Hindalco	Long	121-122	117	130-132
Canara Bank	Long	474-476	464	498-500
R Power	Long	100-101	96	108-110
BPCL	Long	356-357	349	374-376
Tata Motors	Long	Above 284	276	300-302
DLF	Long	217-219	210	228-230
Sun Pharma	Short	Below 695	709	674-676
Infy	Short	Below 2300	2355	2210-2215
Ranbaxy	Short	507-509	521	492-494
Hexaware	Short	98-99	103	91-92

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

## Snapshot

The overall market shed 0.66% in open interest on Friday, on the back of fall in cost-of-carry to 10.18% from 11.33%.

The Software space added the highest open interest (32%), whereas Capital Goods space saw highest unwinding (1.02%).

SBIN Dec-series OTM call-options strikes saw fresh addition of open interest, indicating that the stock is likely to remain bullish in coming weeks.

## Hybrid strategy

JP Associates added 1.28% in open interest in Friday's trade on the back of fall in cost-of-carry to -15.80% from -15.80%. Its December futures, which has open interest of 6,92,16,000 shares, added 6,44,000 shares in open interest, whereas its December 110-strike call option, which has open interest of 57,24,000 shares, added 8,88,000 shares. It is expected to continue its upmove in the coming weeks.

**Buy one Dec futures @ 103.75-104 and sell one Dec 110 CE @ 2-2.25; BEP: 102; max profit: Rs.32,000; max loss: unlimited below BEP; Stop loss: 101 (spot).**

## Pair Strategy

## Buy Divis Lab and Sell Cipla

Divis Lab and Cipla have seen correlated movements in the past, with rolling price correlation of 86% in the last one-year data set. Cipla had outperformed Divis Lab in the recent past. The current price ratio of Divis Lab and Cipla is 2.83. The ratio is currently trading lower; we believe that it is likely to revert towards mean. The mean price ratio is 3.10 and current price ratio is 2.21 SD away from the mean and likely to converge towards mean levels. Technically, Cipla is trading around 52-week highs and had entered overbought zone, which is restrict the buying participation. While, Divis Lab had gained momentum in recent sessions and constant rise in volumes hints the rally to continue in the coming sessions.

**Buy Divis Lab one lot Dec fut and 100 shares @ 1180-1184 and sell one lot of Cipla Dec fut @ 413-415; current price ratio: 2.83; Target: 3.00 and 3.10; SL: 2.60.**

## Global: The Week That Was...

All major benchmark indices traded in the green after the seeing a rally in the last couple of weeks. In the coming week, markets are expected to trade with positive bias. During the week, the Dow Jones closed in green gaining 129.55 points or 0.99%, NASDAQ closed negative with 32.20 points or 1.07% and the S&P 500 index closed 1.89 points or 0.13% up. The FTSE 100 ended in the green gaining 47.50 points or 0.81%. NIKKEI225 closed 81.38 points or 0.86% up. Hang Seng closed 160.98 points or 0.73% up.

## Global Index Trends

Index	Levels	Value	%Change
Dow Jones	13155.13	129.55	0.99%
NASDAQ	2978.04	-32.2	-1.07%
S&P 500	1418.07	1.89	0.13%
FTSE 100	5914.4	47.5	0.81%
NIKKEI 225	9527.39	81.38	0.86%
Hang Seng	22191.37	160.98	0.73%

## Weekly Economic Events

Gross Domestic Product (QoQ) (JN)	-	Monday, December 10,2012 (Prior -0.90%)
Current Account Total (JN)	-	Monday, December 10,2012 (Prior 503.6BN YEN)
GDP Annualized (JN)	-	Monday, December 10,2012 (Prior -3.50%)
GDP Deflator YoY (JN)	-	Monday, December 10,2012 (Prior -0.90%)
Industrial Production (MoM) (FR)	-	Monday, December 10,2012 (Prior -2.70K)
Industrial Production sa (MoM) (IT)	-	Monday, December 10,2012 (Prior -1.50%)
ZEW Survey (Econ. Sentiment) (GE)	-	Tuesday, December 11,2012 (Prior -15.7)
Machine Orders (MoM) (JN)	-	Wednesday, December 12,2012 (Prior -4.30%)
Tertiary Industry Index (MoM) (JN)	-	Wednesday, December 12,2012 (Prior 0.30%)
Consumer Price Index (YoY) (FR)	-	Wednesday, December 12,2012 (Prior 1.30%)
Jobless Claims Change (US)	-	Wednesday, December 12,2012 (Prior 10.1K)
Initial Jobless Claims (US)	-	Tuesday, December 13,2012 (Survey 13K)
PMI Manufacturing (GE)	-	Friday, December 14,2012 (Survey 46.8)

## FII Derivatives over the week

	Index Futures		Index Options		Stock Futures		Stock Options	
	Net	OI	Net	OI	Net	OI	Net	OI
30-Nov-12	596.2	372031	1545.43	1285231	-12.96	1059181	-45.6	31897
3-Dec-12	-251.05	376958	616.9128	1341133	-73.24	1058871	-103.96	45142
4-Dec-12	-308.94	374647	-496.78	1382264	-150.95	1068945	-74.08	48036
5-Dec-12	-83.84	384562	-19.83	1407479	-238.89	1088405	-84.59	54937
6-Dec-12	-106.78	385129	-149.34	1432111	-464.54	1103479	-67.66	62374

## Weekly Pivot Table

SCRIP	LTP	S2	S1	Pivot Point	R1	R2
<b>SENSEX</b>	<b>19424.10</b>	<b>19250.96</b>	<b>19337.53</b>	<b>19449.70</b>	<b>19536.27</b>	<b>19648.44</b>
<b>NIFTY</b>	<b>5907.40</b>	<b>5854.10</b>	<b>5880.75</b>	<b>5915.30</b>	<b>5941.95</b>	<b>5976.50</b>
ACC	1414.80	1392.93	1403.87	1420.93	1431.87	1448.93
AMBUJACEM	206.25	202.65	204.45	207.05	208.85	211.45
ASIANPAINT	4312.55	4260.85	4286.70	4326.85	4352.70	4392.85
AXISBANK	1328.75	1291.18	1309.97	1339.98	1358.77	1388.78
BAJAJ-AUTO	1940.00	1915.00	1927.50	1945.70	1958.20	1976.40
BANKBARODA	798.20	786.10	792.15	798.05	804.10	810.00
BHARTIARTL	322.45	314.48	318.47	324.23	328.22	333.98
BHEL	243.00	237.23	240.12	243.93	246.82	250.63
BPCL	358.20	352.73	355.47	360.68	363.42	368.63
CAIRN	333.00	329.17	331.08	333.12	335.03	337.07
CIPLA	410.70	401.93	406.32	410.63	415.02	419.33
COALINDIA	362.95	354.05	358.50	365.25	369.70	376.45
DLF	220.20	211.53	215.87	222.43	226.77	233.33
DRREDDY	1839.40	1820.03	1829.72	1839.78	1849.47	1859.53
GAIL	352.85	350.28	351.57	352.78	354.07	355.28
GRASIM	3248.25	3204.05	3226.15	3263.10	3285.20	3322.15
HCLTECH	614.05	600.72	607.38	617.67	624.33	634.62
HDFC	837.75	827.75	832.75	840.50	845.50	853.25
HDFCBANK	693.10	683.03	688.07	693.03	698.07	703.03
HEROMOTOCO	1826.20	1809.37	1817.78	1825.52	1833.93	1841.67
HINDALCO	123.80	121.40	122.60	123.55	124.75	125.70
HINDUNILVR	530.65	521.72	526.18	531.77	536.23	541.82
ICICIBANK	1131.70	1110.47	1121.08	1132.77	1143.38	1155.07
IDFC	175.45	171.02	173.23	176.37	178.58	181.72
INFY	2321.15	2289.52	2305.33	2326.92	2342.73	2364.32
ITC	301.50	296.97	299.23	301.12	303.38	305.27
JINDALSTEL	409.80	399.43	404.62	409.18	414.37	418.93
JPASSOCIAT	105.15	102.78	103.97	104.98	106.17	107.18
KOTAKBANK	664.05	656.12	660.08	665.52	669.48	674.92
LT	1675.45	1649.82	1662.63	1680.82	1693.63	1711.82
M&M	939.20	920.80	930.00	939.70	948.90	958.60
MARUTI	1509.95	1463.38	1486.67	1513.28	1536.57	1563.18
NTPC	159.85	157.02	158.43	160.47	161.88	163.92
ONGC	267.80	261.77	264.78	267.07	270.08	272.37
PNB	821.05	808.45	814.75	823.30	829.60	838.15
POWERGRID	118.70	116.73	117.72	119.08	120.07	121.43
RANBAXY	506.90	499.27	503.08	508.92	512.73	518.57
RELIANCE	834.60	819.00	826.80	838.25	846.05	857.50
RELINFRA	507.05	494.22	500.63	509.52	515.93	524.82
SAIL	82.35	80.92	81.63	82.82	83.53	84.72
SBIN	2316.20	2279.07	2297.63	2318.62	2337.18	2358.17
SESAGOA	187.80	182.63	185.22	189.33	191.92	196.03
SIEMENS	682.30	671.43	676.87	683.43	688.87	695.43
STER	113.00	109.30	111.15	113.90	115.75	118.50
SUNPHARMA	699.90	688.63	694.27	700.13	705.77	711.63
TATAMOTORS	281.90	274.37	278.13	282.82	286.58	291.27
TATAPOWER	109.80	108.00	108.90	109.90	110.80	111.80
TATASTEEL	394.25	384.92	389.58	396.77	401.43	408.62
TCS	1264.15	1243.65	1253.90	1267.30	1277.55	1290.95
WIPRO	380.20	376.30	378.25	380.45	382.40	384.60

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