

DERIVATIVES ROLLOVER ANALYSIS

31-05-2019

JUNE SERIES VIEW

Last month, the benchmark index Nifty faced heavy volatility and registered a new lifetime high of 12041 after historic majority verdict for the Narendra Modi led-National Democratic Alliance (NDA) government, which infused bullish sentiment in the market. Meanwhile, during the month, Brent crude oil fell from \$75 to \$69 per barrel due to higher US inventory. Finally, Nifty Spot settled on a new high at 11946, up 2.63% (EoE), indicating positive bias for the short term. Thus, if Nifty trades and closes above 12100, then the bulls can stretch the rally until 12300-12500 levels. On the expiry day, Nifty Futures rollover stood at 72%, which is higher than the average rollover of 69% of the last three series. Nifty will start the June series with an OI of 1.91 Cr shares compared with OI of 2.00 Cr shares at the beginning of the May series. Market-wide rollovers stood higher at 91% compared with the average rollovers of 88% in the last three series. Going into June, key events that would act as market triggers would include, RBI monetary policy, global markets trends, trade war tensions, final leg of Q4FY19 earnings, the movement of Rupee against the Dollar, and crude oil price movement will dictate the trend on the bourses in the near term. On the downside, support for Nifty is around 11700 and 11500 whereas resistance stands at 12050 and 12500. We expect Nifty to remain volatile during the June series due to RBI monetary policy.

DERIVATIVES INDICATORS

During the month, India VIX made a 3-year high of 30.18% due to elections and closed at 15.61% vs. 23.23% of the previous month indicating low volatility in market. Another leading derivative indicator, Nifty PCR, opened on a higher note this month at 1.64 against last month's 1.62.

BANKNIFTY

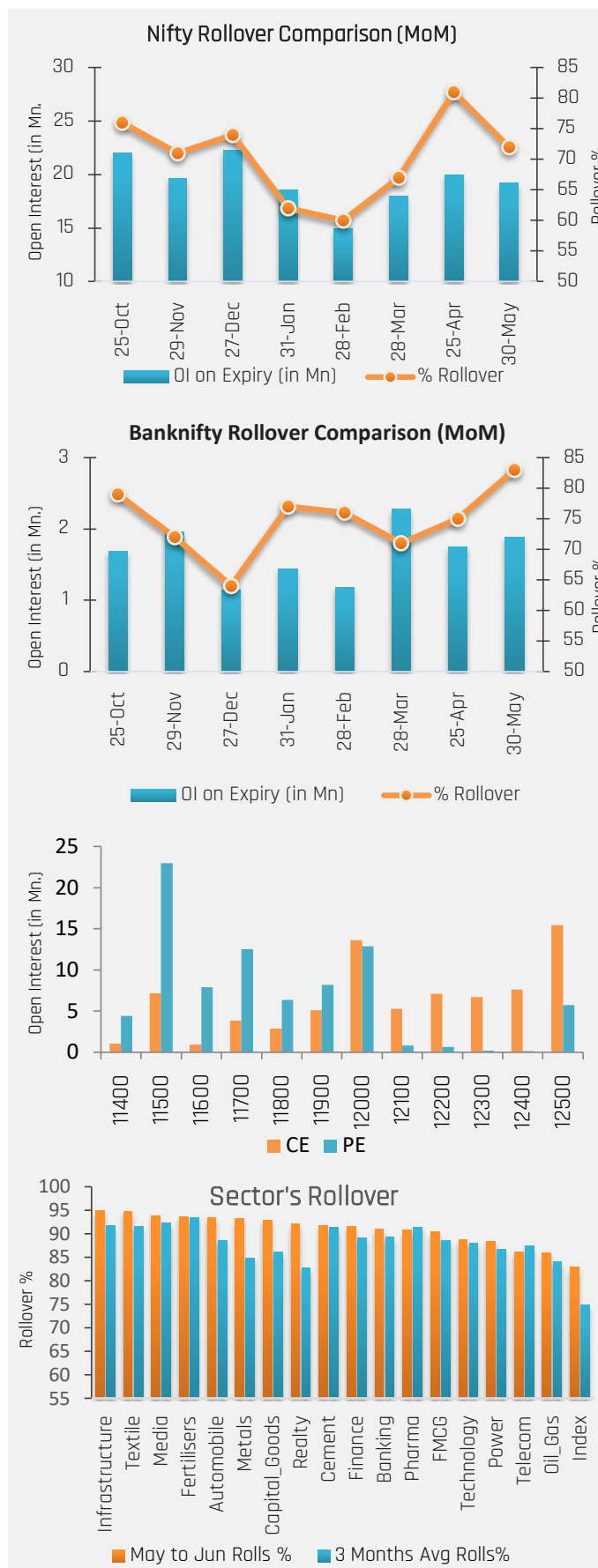
The index saw higher rolls of 83% compared with the 3M average of 74%. BankNifty will start the June series with an OI of 1.88 Mn shares compared with OI of 1.75 Mn shares at the beginning of the May series. As per options data, support for the index is around 29000 and 28500 whereas resistance stands at 32500 and 33000 for the short term.

OPTION ANALYSIS

From the OI Concentration (27-June Series), maximum addition of Open Interest on the call options front exists at strike prices of 12000 and 12500 (with nearly 13.63 lacs and 15.43 lacs shares outstanding). This indicates that these levels will act as the resistance zone on the upside for the short term. On the put options front, addition of Open Interest is at strike prices of 11700 and 11500 (with nearly 12.52 lacs and 22.98 lacs shares outstanding) indicating stronger support zone on the downside.

SECTOR/STOCK ROLLOVER ACTIVITY:

- From the sectoral action, rollovers accelerated for Infrastructure, Textile, Metals, Finance, Power, Realty, Automobile, and Capital Goods stocks on expiry. However, low rollovers were seen in Telecom and Pharma stocks.
- Within the Nifty50 space, index heavyweights such as VEDL, LT, HDFCBANK, IBULHSGFIN, ITC, and YESBANK saw aggressive rollover in the June series while low rolls were seen in INDUSINDBK, ULTRACEMCO, UPL, GAIL, MARUTI, HINDUNILVR, and INFY compared with the 3M average.
- From the midcap space, CONCOR, AMARAJABAT, EXIDEIND, MARICO, JUBLFOOD, and BRITANNIA saw high rollovers whereas TATAGLOBAL, TORNTPOWER, PEL, BIOCON, and HAVELLS saw lower rollover compared with the 3M average.



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TECHNICAL VIEW ON NIFTY

In May series, Nifty has seen strong rally and managed to break previous high, making a new lifetime high of 12041 and closed at an all-time high of 11946 on weekly basis. At higher levels, Nifty is facing trendline resistance at 12100. We may witness fresh rally only if Nifty closes above 12100, since the bulls can stretch the rally until 12300-12400 levels. At higher levels, bears will be attacking bulls as Nifty has formed a **negative divergence** on weekly as well as daily charts, which is a concern and indicates profit-booking and retracement in Nifty. It has been observed that there is a gap of nearly 160 pts at 11591-11426 levels, which bears might like to fill before the fresh rally ahead in short to medium term.

Relative Strength Index (RSI) is showing negative divergence, which is concern for bulls and cautious view to be adopted for coming days.

Once it closes above 12100 on weekly basis, we may witness rally up to 12300-12500. On downside 11700 and 11400 will act as support for Nifty where 21WEMA is placed.

TECHNICAL VIEW ON BANKNIFTY

In May series Bank Nifty was in strong uptrend and gave trendline breakout as well as closed at 31537, which is an all-time high indicating bullish bias. Until Bank Nifty trades above breakout point of 30600 upwards momentum will continue. Bears will try to retest the breakout point from where again fresh rally can be witnessed. A big gap (30100-29550) has been observed on weekly chart, which can be filled if index closed below 30600 on weekly basis. 21WEMA is placed at 29200 just below the gap, which can act as a good support and again bullish momentum can be witnessed.

RSI is showing negative divergence on daily chart, which can lead to profit-booking or retracement before fresh rally.

Overall, support for Bank Nifty in the June series will be at 30600 and 29550 and resistance will be at 33000. Cautious view needs to be adopted to trade in Bank Nifty index for the June series.



Stocks to watch out based on Rollover Analysis:

POSITIVE

EXIDEIND	Strong rollover of 100% compared with 3 month avg of 90% indicating long position carried forward
INDUSINDBK	Weak rollover of 72% compared with 3 month avg of 85% indicating cut down short position.
HEROMOTOCO	Strong rollover of 91% compared with 3 month avg of 84% indicating long position carried forward

NEGATIVE

YESBANK	Strong rollover of 97% compared with 3 month avg of 85% indicating short position carried forward.
VEDL	Strong rollover of 92% compared with 3 month avg of 77% indicating short position carried forward.

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Rollover Update (Sector Wise)

Company	Apr to May roll%	May to June roll%	3 AVG MONTHS ROLL	Divergence	Roll cost
Automobile					
AMARAJABAT	94	97	80	18	-0.51
APOLLOTYRE	97	97	91	6	0.51
ASHOKLEY	89	87	89	-2	0.55
BAJAJ-AUTO	80	88	82	6	0.39
BALKRISIND	96	97	88	9	0.71
BHARATFORG	92	94	94	0	0.70
BOSCHLTD	84	97	90	7	0.51
CEATLTD	96	96	94	2	0.70
EICHERMOT	81	93	86	7	0.70
ESCORTS	97	97	90	7	0.11
EXIDEIND	98	100	90	10	0.70
HEROMOTOCO	82	91	84	7	0.68
M&M	88	92	88	3	0.30
MARUTI	83	86	88	-2	0.29
MOTHERSUMI	92	91	92	0	0.55
MRF	92	96	92	4	0.63
TATAMOTORS	88	95	89	6	0.46
TATAMTRDVR	89	98	89	9	0.53
TVSMOTOR	90	85	85	0	0.55
Banking					
ALBK	96	96	96	0	0.32
AXISBANK	85	92	80	13	0.59
BANKBARODA	83	91	88	4	0.74
BANKINDIA	97	95	95	1	0.72
CANBK	94	98	91	7	0.70
DCBBANK	95	67	93	-25	0.11
FEDERALBNK	89	96	89	6	0.32
HDFCBANK	76	88	74	14	-0.06
ICICIBANK	80	89	82	6	0.33
IDBI	96	97	97	0	0.66
IDFCFIRSTB	93	96	92	4	0.33
INDIANB	96	93	97	-4	0.44
INDUSINDBK	89	72	85	-13	0.54
KOTAKBANK	84	80	74	6	0.15
KTKBANK	99	94	98	-4	0.61
ORIENTBANK	97	97	97	0	0.69
PNB	87	93	92	1	0.68
RBLBANK	89	92	84	8	0.57
SBIN	73	86	78	8	0.61
SOUTHBANK	90	88	95	-6	-0.35
SYNDIBANK	91	96	94	2	0.56
UNIONBANK	98	97	96	1	0.19
YESBANK	69	97	85	12	-0.94

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Company	Apr to May roll%	May to June roll%	3 AVG MONTHS ROLL	Divergence	Roll cost
Capital_Goods					
BEL	98	94	90	4	0.66
BHEL	72	89	78	11	0.77
CUMMINSIND	91	93	87	6	0.58
LT	82	88	70	18	0.65
SIEMENS	97	95	97	-2	-0.07
VGUARD	85	94	89	5	-1.64
VOLTAS	98	97	90	7	0.52
Cement					
ACC	84	94	89	5	0.59
AMBUJACEM	89	94	87	7	0.67
GRASIM	88	94	91	3	0.60
INDIACEM	99	93	98	-5	0.72
RAMCOCEM	97	99	95	3	0.76
SHREECEM	91	85	92	-7	0.51
ULTRACEMCO	85	83	87	-4	0.57
Fertilisers					
GSFC	98	96	99	-3	0.32
TATACHEM	98	98	91	7	0.74
UPL	87	86	90	-4	0.60
Finance					
BAJAJFINSV	73	82	81	2	0.63
BAJFINANCE	88	91	90	1	0.51
BHARATFIN	95	84	92	-8	0.76
CANFINHOME	96	97	95	2	0.74
CHOLAFIN	98	92	92	-1	0.71
DHFL	96	97	91	7	-0.48
EQUITAS	94	98	90	9	0.66
HDFC	88	91	88	4	0.57
IBULHSGFIN	66	98	84	14	0.72
ICICIPRULI	76	76	84	-8	0.18
IDFC	98	97	97	0	-0.53
IFCI	95	86	93	-8	0.49
L&TFH	88	92	88	4	0.68
LICHSGFIN	87	91	88	4	0.43
M&MFIN	89	89	91	-2	0.53
MANAPPURAM	93	92	88	4	0.85
MFSL	94	98	92	7	0.86
MUTHOOTFIN	99	95	90	5	0.76
PFC	81	88	82	6	0.73
RELCAPITAL	97	90	88	3	0.19
REPCOHOME	96	93	93	0	0.84
SRTRANSFIN	88	95	89	5	-0.17
UJJIVAN	96	95	85	10	0.69
FMCG					
ASIANPAINT	79	91	84	7	0.09
BATAINDIA	99	92	89	3	0.55
BERGEPAINT	95	98	91	8	0.62
BRITANNIA	87	91	80	11	0.59

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COLPAL	91	93	89	5	-0.01
DABUR	89	92	89	3	0.59
GODFRYPHLP	94	97	93	4	0.32
GODREJCP	73	88	86	2	0.58
GODREJIND	98	96	98	-2	0.72
HINDUNILVR	90	90	89	1	-0.20
ITC	81	89	77	12	0.64
MARICO	89	93	83	9	0.49
MCDOWELL-N	92	93	90	3	0.70
NESTLEIND	86	93	90	4	0.36
PIDILITIND	90	90	88	1	0.71
TATAGLOBAL	97	64	92	-28	0.61
TITAN	86	87	88	-1	0.64
UBL	99	93	98	-5	0.70
Index					
BANKNIFTY	75	83	74	9	0.20
NIFTY	81	72	69	2	0.25
NIFTYIT	85	94	81	13	-0.31
Infrastructure					
BEML	94	94	96	-2	0.66
ENGINEERSIN	98	96	88	8	0.68
GMRINFRA	96	96	92	4	0.62
IRB	94	93	92	1	0.82
NBCC	98	96	89	8	0.86
NCC	98	93	93	0	0.73
Media					
DISHTV	98	91	91	-1	0.81
PVR	90	95	93	1	-0.73
SUNTV	91	92	92	0	0.67
TV18BRDCST	96	94	96	-2	0.17
ZEEL	84	97	88	9	0.73
Metals					
HINDALCO	80	92	82	9	0.58
HINDZINC	92	96	84	12	0.74
JINDALSTEL	99	84	93	-10	0.55
JSWSTEEL	89	96	85	12	0.72
NATIONALUM	95	97	78	19	0.30
NMDC	86	91	84	7	0.58
SAIL	92	98	89	9	0.69
TATASTEEL	92	92	92	1	0.69
VEDL	91	92	77	15	0.70
Oil_Gas					
BPCL	82	79	70	10	0.31
CASTROLIND	98	98	91	7	0.64
CHENNPETRO	98	89	98	-9	0.75
GAIL	75	67	70	-3	0.33
HINDPETRO	69	81	77	4	-2.39

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IGL	95	91	89	2	0.61
IOC	67	78	74	3	0.71
MGL	93	99	93	6	0.61
MRPL	99	77	98	-21	0.80
OIL	96	95	91	4	0.75
ONGC	66	82	69	13	0.56
PETRONET	91	92	88	5	0.80
RELIANCE	83	88	86	2	0.45
Others					
ADANIANT	99	98	97	1	0.63
ADANI PORTS	73	85	83	2	0.31
APOLLOHOSP	99	97	90	7	0.68
COALINDIA	62	72	68	4	0.63
CONCOR	77	90	67	23	0.62
HAVELLS	90	80	89	-10	-0.10
INDIGO	91	85	86	-1	0.65
JETAIRWAYS	94	92	95	-3	-13.48
JISLJALEQS	98	95	92	3	-0.09
JUBLFOOD	99	98	85	12	0.51
JUSTDIAL	95	92	93	-2	-3.64
KAJARIACER	99	96	93	3	0.72
KSCL	97	97	91	6	-0.33
MCX	98	98	94	4	0.93
PCJEWELLER	76	92	87	4	-15.31
Pharma					
AJANTPHARM	98	91	97	-6	0.80
AUROPHARMA	94	89	92	-3	0.42
BIOCON	89	81	91	-10	0.53
CADILAHC	95	91	92	-1	0.53
CIPLA	86	92	81	10	0.68
DIVISLAB	94	90	90	0	0.66
DRREDDY	84	97	88	9	0.33
GLENMARK	98	99	95	3	0.84
LUPIN	83	90	87	4	0.68
PEL	92	79	93	-14	0.69
STAR	99	92	98	-6	0.33
SUNPHARMA	94	93	92	1	0.50
TORNTPHARM	77	87	84	3	0.12
WOCKPHARMA	97	99	98	0	0.72
Power					
ADANIPOWER	97	90	97	-7	0.78
CESC	93	93	89	3	0.76
CGPOWER	95	97	96	1	0.55
NHPC	91	92	85	7	-0.60
NTPC	68	73	69	4	0.67
POWERGRID	77	81	72	9	0.47
RECLTD	96	89	85	4	0.73
RELINFRA	95	94	89	5	0.34
RPOWER	90	93	82	11	0.00

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SUZLON	87	89	88	0	0.00
TATAPOWER	97	88	91	-3	-1.56
TORNTPOWER	98	83	97	-14	-1.41
Realty					
DLF	66	92	83	9	0.74
Technology					
HCLTECH	82	88	82	6	0.40
HEXAWARE	97	87	98	-11	-0.96
INFIBEAM	88	85	88	-3	0.30
INFY	86	89	88	1	-1.07
MINDTREE	85	82	87	-5	0.07
NIITTECH	89	94	95	-1	-0.21
OFSS	98	100	98	1	0.27
TATAELXSI	96	97	91	6	0.36
TCS	66	86	81	5	-0.22
TECHM	85	87	81	6	0.65
WIPRO	75	82	79	2	-1.01
Telecom					
BHARTIARTL	83	91	86	6	0.72
IDEA	93	80	89	-9	1.13
INFRATEL	81	86	80	6	0.28
TATACOMM	99	86	95	-9	0.60
BHARTIARTL	83	91	86	6	0.72
Textile					
ARVIND	96	89	86	3	0.77
CENTURYTEX	99	99	96	3	0.75
PAGEIND	82	90	84	6	-0.17
RAYMOND	95	98	93	5	0.68
SRF	99	97	98	-1	0.72

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