

DERIVATIVES ROLLOVER ANALYSIS

27-09-2019

OCTOBER SERIES VIEW

In September expiry, the benchmark index registered strong gains with huge volatility after government's announcement of cut in corporate tax rates, easing surcharge on capital gains tax (including derivatives), and scrapping of tax on buyback of shares announced prior to July 5, which boosted market sentiment. Meanwhile, continuous heavy foreign fund outflow, US-China trade war, concerns over global economic slowdown, and higher crude oil price would continue to cap the upside. Finally, the index kept its head above the 11,500 mark on F&O expiry day and ended up 5.69% (EoE) indicating neutral to positive for the short-term. On the expiry day, Nifty Futures rollover stood at 73%, which is lower than the average rollover of 74% of the last three series. Nifty will start the October series with an OI of 1.54 Cr shares compared with OI of 1.80 Cr shares at the beginning of the September series. Market-wide rollovers stood in line at 93% compared with the average rollovers of 92% in the last three series. Now, all stock derivatives will be physically settled from October. Going into October, key events that would act as market triggers would include global markets trends, FII inflows, US-China trade war, the movement of Rupee against the Dollar, and crude oil price movement will dictate the trend on the bourses in the near term.

DERIVATIVES INDICATORS

India VIX closed flat at 16.34 vs. 16.43 of the previous month indicating volatility will continue in market. Another leading derivative indicator, Nifty PCR, opened also on a flat note this month at 1.33 against last month's 1.31.

BANKNIFTY

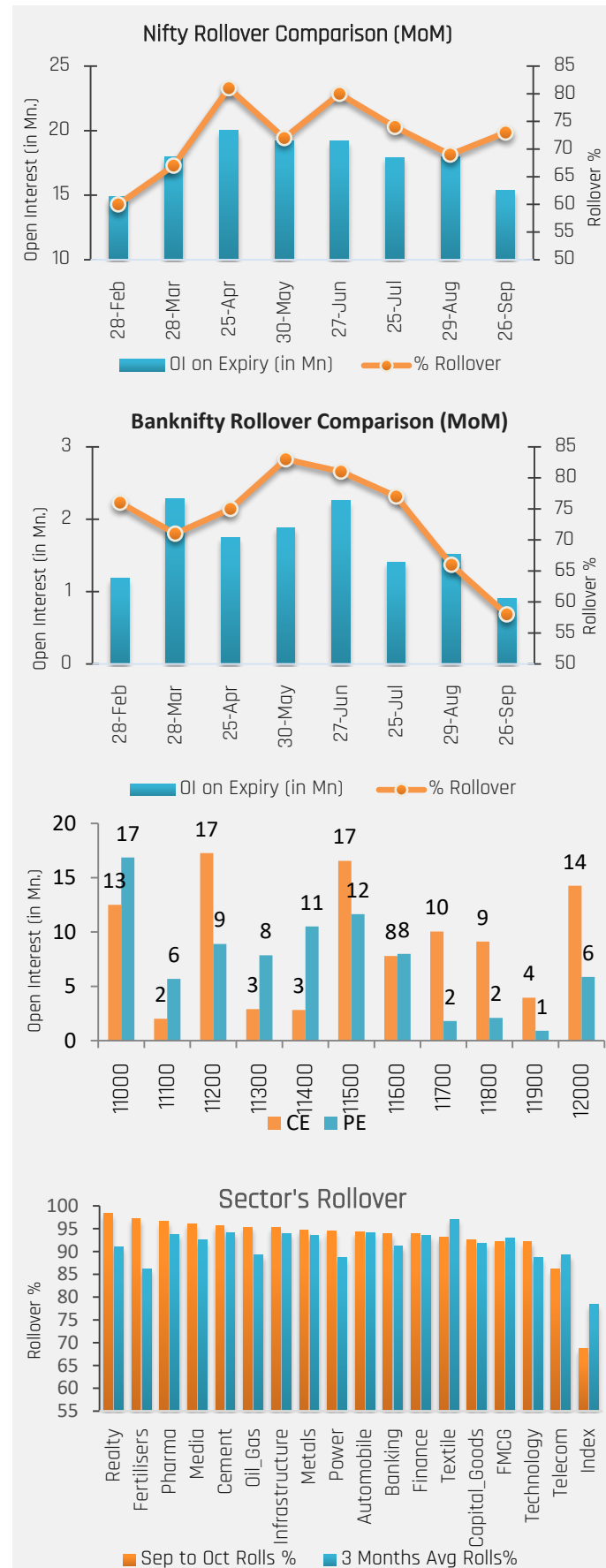
The index saw lower rolls of 58% compared with the 3M average of 75%. BankNifty will start the October series with an OI of 0.91 Mn shares compared with OI of 1.52 Mn shares at the beginning of the September series. As per options data, support for the index is around 28500 and 29000 whereas resistance stands at 31000 and 32000 for the short term.

OPTION ANALYSIS

From the OI Concentration (31-Oct Series), Open Interest on the call options front exists at strike prices of 11700 and 12000 (with nearly 10.04 lacs and 14.26 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 11400 and 11000 (with nearly 10.51 lacs and 16.67 lacs shares outstanding) indicating stronger support zone on the downside.

SECTOR/STOCK ROLLOVER ACTIVITY:

- From the sectoral action, rollovers accelerated for Realty, Fertilizers, Pharma, Media, Cement, and Power stocks on expiry. However, low rollovers were seen in Telecom, Textile, and FMCG stocks.
- Within the Nifty50 space, index heavyweights such as UPL, IOC, ONGC, NTPC, POWERGRID, BAJAJFINSV, and BAJAJ-AUTO saw aggressive rollover in the October series while low rolls were seen in INFRATEL, HINDUNILVR, INFY, MARUTI, and VEDL compared with the 3M average.
- From the midcap space, NIITTECH, CONCOR, RECLTD, HEXAWARE, TATAGLOBAL, and SUNTV saw high rollovers whereas APOLLOHOSP, UBL, JUBLFOOD, VOLTAS, and BALKRISIND saw lower rollover compared with the 3M average.



TECHNICAL VIEW ON NIFTY

Nifty starts September series on a weaker note. However, due to oversold condition, the index has cooled off and has taken support close to its 100 WSMA. As the month progressed, the index gathered bullish momentum with the help of which Nifty has ended the September series around 11570. Index on weekly scale has formed a bullish gap around 11380. If this gap holds, then the index will form a **bullish island Reversal pattern**. As per this pattern, the index can test levels of 12000. Trend line resistance is currently placed close to 11700, which will act as short-term hurdle. Weekly close above 11700 will open the gates for 12000. On the lower side, bullish gap support of 11380 will act as first support followed by 11243 where 200 DMA is placed.

For the October series, 11380 and 11200 will act as support point whereas 11700 and 12000 will act as resistance points.

NIFTY-Weekly Chart



TECHNICAL VIEW ON BANKNIFTY

In September series, BankNifty has seen weakness in the first half, but in the second half, it took support of 100 WSMA and saw sharp up-move. With the help of this up-move, the index has tested the high of 30800, closing the September series at 30002. On the lower side, BankNifty has formed a **bullish gap** around 29418, which will act as primary support followed by 200 DSMA of 28734. On the higher side, recent high of 30800 will act as primary hurdle followed by 32000 where trendline resistance is placed. Buy-on-dips approach needs to be adopted.

For the October series, 29400 and 28700 will act as support point whereas 30800 and 32000 will act as resistance points.

BANKNIFTY-Weekly Chart



Stocks to watch out based on Rollover Analysis:

POSITIVE

CONCOR	Strong rollover of 94% compared with 3 month avg of 82% indicating long position carried forward.
AMBUJACEM	Strong rollover of 98% compared with 3 month avg of 94% indicating long position carried forward.
APOLLOHOSP	Weak rollover of 63% compared with 3 month avg of 95% indicating cut down the short position.

NEGATIVE

MARUTI	Weak rollover of 85% compared with 3 month avg of 92% indicating cut down the long position.
BHARTIARTL	Strong rollover of 95% compared with 3 month avg of 91% indicating short position carried forward.

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Rollover Update (Sector Wise)

Company	Aug to Sep roll%	Sep to Oct roll%	3 AVG MONTHS ROLL	Divergence	Roll cost
Automobile					
AMARAJABAT	92	96	95	1	-1.56
APOLLOTYRE	93	88	84	4	-0.54
ASHOKLEY	99	96	97	-1	0.54
BAJAJ-AUTO	91	93	88	5	0.74
BALKRISIND	96	91	97	-6	0.87
BHARATFORG	98	98	97	2	0.65
BOSCHLTD	94	99	97	2	1.08
EICHERMOT	94	95	93	3	0.43
ESCORTS	97	95	98	-3	0.51
EXIDEIND	98	97	98	0	0.90
HEROMOTOCO	93	91	90	1	0.56
M&M	91	96	92	4	0.43
MARUTI	89	85	92	-7	0.66
MOTHERSUMI	99	98	95	3	0.37
MRF	97	97	96	1	0.65
TATAMOTORS	97	94	98	-4	0.56
TATAMTRDVR	99	93	98	-5	0.97
TVSMOTOR	97	96	90	6	-2.72
Banking					
AXISBANK	92	95	91	4	0.58
BANKBARODA	98	99	90	8	0.36
BANKINDIA	96	97	96	1	0.15
CANBK	98	97	95	2	0.65
FEDERALBNK	95	98	90	8	0.75
HDFCBANK	84	88	86	2	0.76
ICICIBANK	78	85	87	-2	0.75
IDFCFIRSTB	97	98	97	1	-1.04
INDUSINDBK	90	91	88	3	0.53
KOTAKBANK	86	87	86	2	0.82
PNB	98	98	97	1	0.88
RBLBANK	89	92	89	3	-0.77
SBIN	87	93	90	3	0.76
UNIONBANK	98	98	98	0	0.88
YESBANK	77	95	90	5	0.49
Capital_Goods					
BEL	96	95	96	-1	0.77
BHEL	91	97	85	12	0.77
CUMMINSIND	93	94	93	1	0.64
LT	91	92	90	2	0.49
SIEMENS	93	95	96	-1	0.46
VOLTAS	91	83	91	-8	0.49

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Company	Aug to Sep roll%	Sep to Oct roll%	3 AVG MONTHS ROLL	Divergence	Roll cost
Cement					
ACC	99	96	94	2	0.55
AMBUJACEM	97	98	94	4	0.76
GRASIM	99	99	96	4	0.69
RAMCOCEM	95	91	96	-5	-0.20
SHREECEM	99	98	91	7	0.90
ULTRACEMCO	94	92	94	-2	0.44
Fertilisers					
TATACHEM	95	96	92	4	0.74
UPL	97	98	81	18	0.37
Finance					
BAJAJFINSV	93	94	88	6	0.83
BAJFINANCE	96	92	94	-2	0.78
CHOLAFIN	84	90	89	1	0.47
EQUITAS	97	96	97	-1	0.14
HDFC	95	95	95	0	0.86
IBULHSGFIN	96	97	97	0	-2.13
ICICIPRULI	92	92	89	3	0.59
L&TFH	95	96	91	5	0.78
LICHSGFIN	86	94	93	1	0.86
M&MFIN	99	99	98	1	0.58
MANAPPURAM	98	97	94	3	0.70
MFSL	84	90	93	-3	0.93
MUTHOOTFIN	92	91	95	-4	0.67
PFC	91	96	90	6	0.85
SRTRANSFIN	96	97	97	0	0.47
UJJIVAN	93	86	95	-9	0.86
FMCG					
ASIANPAINT	92	91	91	-1	0.57
BATAINDIA	96	95	95	0	0.39
BERGEPAIN	90	98	95	3	0.12
BRITANNIA	93	90	87	3	0.75
COLPAL	82	96	90	6	0.44
DABUR	96	93	96	-3	0.77
GODREJCP	98	96	96	0	0.64
HINDUNILVR	86	78	91	-13	0.18
ITC	90	94	89	5	0.60
MARICO	98	98	98	0	0.85
MCDOWELL-N	97	97	95	3	0.48
NESTLEIND	97	84	96	-12	0.30
PIDILITIND	97	98	97	2	0.45
TATAGLOBAL	92	97	86	11	0.71
TITAN	95	93	91	2	0.72
UBL	87	75	95	-20	0.51

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Index					
BANKNIFTY	66	58	75	-17	0.76
NIFTY	69	73	74	-1	0.53
NIFTYIT	82	76	86	-11	1.13
Infrastructure					
GMRINFRA	90	94	94	0	0.59
NBCC	89	97	93	5	0.66
NCC	97	94	95	-1	1.06
Media					
DISHTV	98	98	97	1	0.96
PVR	86	96	91	5	-0.10
SUNTV	93	97	88	9	0.85
ZEEL	86	93	94	-1	0.70
Metals					
HINDALCO	98	96	92	4	0.59
JINDALSTEL	97	97	97	1	0.87
JSWSTEEL	97	97	97	0	1.00
NATIONALUM	97	96	90	6	0.43
NMDC	98	96	96	1	0.16
SAIL	94	98	91	6	0.58
TATASTEEL	96	93	95	-1	-0.24
VEDL	89	84	92	-8	0.48
Oil_Gas					
BPCL	91	92	89	3	0.63
CASTROLIND	98	97	93	4	0.65
GAIL	93	93	90	3	0.66
HINDPETRO	98	96	96	0	0.54
IGL	89	92	89	3	0.62
IOC	68	93	79	15	0.83
MGL	79	99	92	7	0.48
OIL	91	98	87	12	0.77
ONGC	80	93	80	13	0.26
PETRONET	99	98	96	2	0.68
RELIANCE	89	96	91	5	0.64
Others					
ADANIANT	95	99	98	1	0.79
ADANI PORTS	94	85	88	-3	0.70
APOLLOHOSP	91	63	95	-32	0.84
COALINDIA	84	88	83	5	0.35
CONCOR	99	94	82	12	0.52
HAVELLS	97	90	94	-4	0.51
INDIGO	87	87	81	6	-0.43
JUBLFOOD	93	85	95	-9	-1.69
JUSTDIAL	92	87	90	-4	-1.03

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Pharma					
AUROPHARMA	99	98	95	3	0.62
BIOCON	96	99	95	4	0.69
CADILAHC	99	99	97	2	0.73
CIPLA	96	99	95	4	0.62
DIVISLAB	95	99	96	4	0.57
DRREDDY	98	94	98	-4	0.61
GLENMARK	95	99	93	6	0.42
LUPIN	88	99	91	8	0.70
PEL	99	99	92	7	0.36
STAR	89	97	94	2	0.52
SUNPHARMA	96	97	94	3	0.86
TORNTPHARM	75	81	85	-5	0.59
Power					
ADANIPOWER	96	96	97	-1	0.59
CESC	95	96	97	-1	0.79
NTPC	75	89	78	11	0.56
POWERGRID	93	92	85	7	0.60
RECLTD	92	96	84	12	0.78
TATAPOWER	94	95	93	2	0.63
TORNTPOWER	97	98	88	10	0.73
ADANIPOWER	96	96	97	-1	0.59
Realty					
DLF	97	98	91	7	0.80
Technology					
HCLTECH	94	95	90	6	0.48
HEXAWARE	80	96	85	12	0.63
INFY	92	81	92	-11	-0.52
MINDTREE	93	85	94	-9	-0.04
NIIITTECH	63	90	71	19	0.31
TATAELXSI	94	97	93	5	0.69
TCS	95	96	92	4	0.48
TECHM	94	95	92	3	0.43
WIPRO	93	92	89	3	0.82
Telecom					
BHARTIARTL	95	95	91	3	0.58
IDEA	79	92	83	8	0.95
INFRATEL	97	72	93	-20	0.15
BHARTIARTL	95	95	91	3	0.58
Textile					
CENTURYTEX	98	91	99	-8	0.45
PAGEIND	95	98	96	2	-1.52

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