

# BULLISH ON FUTURES & OPTIONS TRADE

**FC BUREAU***Mumbai*

Investors are building bullish bets ahead of the Union budget in the futures and options (F&O) segment. The rising confidence in the market could be gauged from the increasing net call option positions (option to buy), as there is good amount of long positions in stock futures and index call options along with writing index puts, which is a bullish signal.

Analysis of data shows that there is good amount of rise in open interest (OI), indicating blend of long and short formations.

On the options front, there is strong buying interest from FIIs, who were net buyers with rise in OI.

In call options, fresh open interest addition was seen in 10700, 10750 and 11000 strikes; followed

by unwinding in 10500 and 10600 call options.

On the flip side, huge build-up was seen in 10600-10700 put options along with some unwinding in 10300 and 10400 strikes.

The maximum concentration of OI now stood at 11000 call and 10500 put options.

As the benchmark index extended its gains to hit a fresh record high, there were good amount of long formation in index futures during the past week.

According to analysts, as far as FIIs activities are concerned, except for some shorts in index futures, they formed positive bets in F&O space.

They added fresh long positions in stock futures and index call options and simultaneously formed shorts in index put options.

Nifty put options added massive positions resulting in the PCR-OI



surging to 1.74. This is mainly due to hedging done prior to the budget.

Analysts said these factors point to bullish trend and they expect the market to strengthen going ahead and unless index remains above 10550-10600, traders

should avoid any bearish bets.

The INDIA VIX has decreased from 14.01 to 13.73. At the same time, the PCR-OI of Nifty has decreased from 1.74 level. "Despite a neutral to positive indication, our bullish view will remain intact, as

NIFTY stayed firm above 10,700 level and such a stable move above that level will strengthen index to visit 10,900 mark in the short-term. In case of decline, now NIFTY will find support at 10,600 mark, which coincides with the recent base formation on the daily scale, says Vikas Jain, senior research analyst, Reliance Securities.

According to analysts, going forward, Nifty formed a Shooting Star kind of a candlestick pattern on the daily chart, which points out an early sign of uncertainty, or even a short-term reversal.

Keeping a cautious approach is advisable at the current juncture, as a close below 10710 will further weaken the short-term structure. However, the pattern will be negated once the Nifty index surpasses the Shooting Star candle high of 10782.65 and closes above the same.