

DERIVATIVES

SIMPLIFYING MARKETS; BUILDING CAREER

A solid blue horizontal bar at the bottom of the slide.

ABOUT MYSELF

1.Name –Dharam Chand Sethia

2.Industry Experience – Since 2004

Available at –Twitter @dcsethia

AGENDA FOR TODAY

1. Psychology & Screen Management

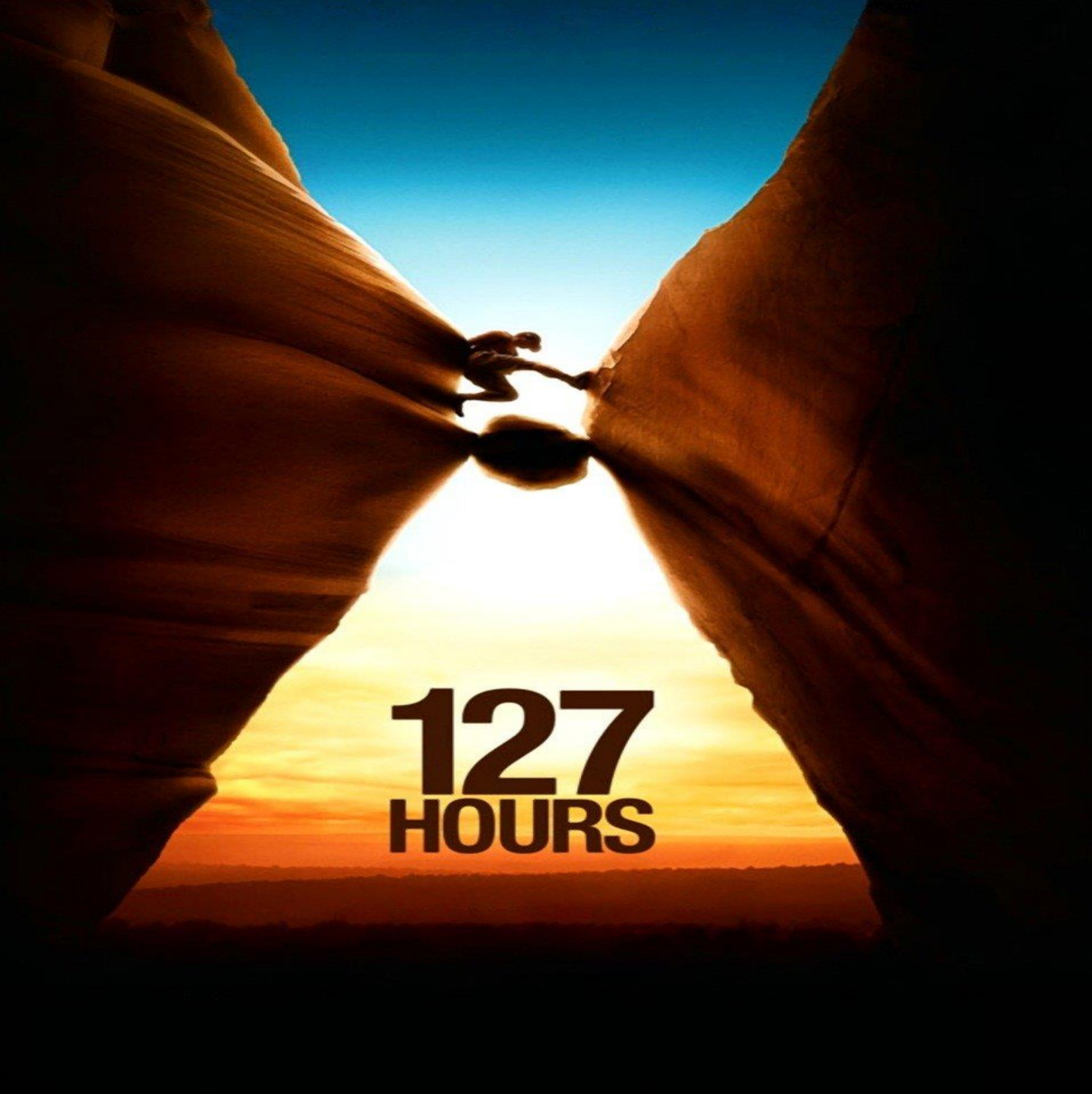
2. Data Analysis

3. Implied Volatility Analysis

4. Strategies

5. Q&A

Psychology



Total number
of trading time
for derivatives



Andre Agassi

Agassi tells him(Gil) about running with Pat(friend) on Hill, how I feel I've hit a plateau.

Gil – (would be fitness coach)asks, How much do you run every day?

A- Five miles.

G -Why?

A-I don't know.

G-Have you ever run five miles in a match?

A-No.

G-The way I see it, your sport isn't about running, it's about starting and stopping. You need to focus on building the muscles necessary for starting and stopping.

A-I laugh and tell him that might be the smartest thing I've ever heard anyone say about tennis.

SCREEN MANAGEMENT



Int Bcast Engine

NSE F FUTSTK SBIN 31MAY2018

Index View			
Nifty 50	0.00 (0.00)		
India VIX	13.9775 (0.0000)		
Nifty Bank	0.00 (0.00)		
NIFTY MIDCAP 100	0.00 (0.00)		

Market Watch

Exc...	Symbol	Ser/Exp	Strike ...	O...	Buy Qty	Buy Price	Sell Price	Sell Qty	Last Tra...	% C...	Open	High	Low
NSE	SBIN	31MAY2018	200.00 PE		3000	0.20	0.25	3000	0.20	0.00	0.30	0.35	0.20
NSE	SBIN	31MAY2018	205.00 PE		9000	0.25	3.10	6000	0.30	0.00	0.30	0.30	0.30
NSE	SBIN	31MAY2018	210.00 PE		6000	0.35	0.65	6000	0.40	0.00	0.45	0.70	0.35
NSE	SBIN	31MAY2018	215.00 PE		3000	0.55	0.65	3000	0.65	0.00	0.85	1.00	0.60
NSE	SBIN	31MAY2018	220.00 PE		12000	0.85	0.95	12000	0.90	0.00	1.15	1.60	0.85
NSE	SBIN	31MAY2018	225.00 PE		3000	1.20	1.60	3000	1.35	0.00	1.85	2.30	1.30
NSE	SBIN	31MAY2018	230.00 PE		15000	2.00	2.15	3000	2.05	0.00	2.70	3.30	2.00
NSE	SBIN	31MAY2018	235.00 PE		9000	3.00	3.20	3000	3.05	0.00	3.90	4.60	2.90
NSE	SBIN	31MAY2018	240.00 PE		6000	4.50	4.60	9000	4.45	0.00	5.75	6.55	4.25
NSE	SBIN	31MAY2018	245.00 PE		3000	5.85	6.45	6000	6.25	0.00	7.50	8.85	6.00
NSE	SBIN	31MAY2018	250.00 PE		24000	8.50	8.80	3000	8.50	0.00	10.35	11.55	8.20
NSE	SBIN	31MAY2018	255.00 PE		6000	10.85	12.40	30000	11.20	0.00	13.10	14.35	10.90
NSE	SBIN	31MAY2018	260.00 PE		3000	14.30	15.05	3000	14.30	0.00	17.00	18.10	14.30
NSE	SBIN	31MAY2018			6000	249.90	250.05	3000	250.20	0.00	247.35	250.75	245.40
NSE	SBIN	31MAY2018	245.00 CE		6000	11.05	11.45	3000	11.40	0.00	10.45	11.70	9.30
NSE	SBIN	31MAY2018	250.00 CE		3000	8.50	8.65	3000	8.70	0.00	7.55	8.95	7.10
NSE	SBIN	31MAY2018	255.00 CE		3000	6.45	6.60	3000	6.55	0.00	6.05	6.80	5.40
NSE	SBIN	31MAY2018	260.00 CE		9000	4.85	4.90	9000	4.90	0.00	4.40	5.10	4.00
NSE	SBIN	31MAY2018	265.00 CE		3000	3.55	3.65	3000	3.60	0.00	3.35	3.70	2.90
NSE	SBIN	31MAY2018	270.00 CE		6000	2.60	2.70	9000	2.65	0.00	2.60	2.70	2.20
NSE	SBIN	31MAY2018	275.00 CE		3000	1.85	1.95	3000	1.95	0.00	1.80	2.00	1.65
NSE	SBIN	31MAY2018	280.00 CE		3000	1.40	1.45	9000	1.45	0.00	1.35	1.50	1.25
NSE	SBIN	31MAY2018	285.00 CE		6000	1.00	1.30	6000	1.10	0.00	0.95	1.10	0.95
NSE	SBIN	31MAY2018	290.00 CE		12000	0.75	0.85	6000	0.85	0.00	0.80	0.85	0.70
NSE	SBIN	31MAY2018	295.00 CE		18000	0.40	0.80	3000	0.70	0.00	0.55	0.70	0.55
NSE	SBIN	31MAY2018	300.00 CE		96000	0.50	0.60	24000	0.55	0.00	0.50	0.60	0.40

FT013		NSE Eq:Close	2700219.00		NSE Derv:Close	0.00		BSE Eq:Close	811259.75				
						0.00			0.00				



FT Options Calculator

Input Values
Spot Price:
Strike Price:
Volatility[%]:
Interest Rate[%]:
Dividend Yield:
Days Until Expiration:

Output Values

	Cal	Put
Theoretical:	2.65	22.45
Delta:	0.2139	-0.7861
Gamma:	0.0128	0.0128
Theta:	-0.1656	-0.1656
Vega:	0.1706	0.1706
Rho:	0.0279	-0.1201

☒ Calculate Implied Volatility
Actual Market
Call/Put: ☒ Call ☐ Put
Calculation Method:
☐ Cox-Ross-Rubinstein Binomial Method
☒ Black & Scholes Pricing Model

Index View			
Nifty 50	0.00 (0.00)		
India VIX	13.9775 (0.0000)		
Nifty Bank	0.00 (0.00)		
NIFTY MIDCAP 100	0.00 (0.00)		

Buy Qty	Buy Price	Sell Price	Sell Qty	Last Tra...	% C...	Open	High	Low
6000	11.05	11.45	3000	11.40	0.00	10.45	11.70	9.30
3000	8.50	8.65	3000	8.70	0.00	7.55	8.95	7.10
3000	6.45	6.60	3000	6.55	0.00	6.05	6.80	5.40
9000	4.85	4.90	9000	4.90	0.00	4.40	5.10	4.00
3000	3.55	3.65	3000	3.60	0.00	3.35	3.70	2.90
6000	2.60	2.70	9000	2.65	0.00	2.60	2.70	2.20
3000	1.85	1.95	3000	1.95	0.00	1.80	2.00	1.65
3000	1.40	1.45	9000	1.45	0.00	1.35	1.50	1.25
6000	1.00	1.30	6000	1.10	0.00	0.95	1.10	0.95
12000	0.75	0.85	6000	0.85	0.00	0.80	0.85	0.70
18000	0.40	0.80	3000	0.70	0.00	0.55	0.70	0.55
96000	0.50	0.60	24000	0.55	0.00	0.50	0.60	0.40

NSE	NIFTY	31MAY2018	10600.00 PE	75	64.10	64.20	300	62.55	0.00	82.65	91.30	60.00
NSE	NIFTY	31MAY2018	10700.00 PE	225	89.40	90.00	75	88.55	0.00	109.80	126.95	86.10
NSE	NIFTY	31MAY2018	10800.00 PE	75	124.10	125.00	1800	122.55	0.00	157.35	171.50	119.50
NSE	NIFTY	31MAY2018		300	10815.10	10815.70	1575	10820.10	0.00	10752.55	10827.20	10736.75
NSE	NIFTY	31MAY2018	10600.00 CE	75	271.40	274.00	150	276.55	0.00	235.60	281.70	225.10
NSE	NIFTY	31MAY2018	10700.00 CE	75	202.05	202.45	75	203.20	0.00	169.90	207.60	160.55
NSE	NIFTY	31MAY2018	10800.00 CE	2175	136.60	137.50	675	137.95	0.00	109.95	141.45	106.15
NSE	NIFTY	31MAY2018	10900.00 CE	6300	83.00	84.00	1200	84.85	0.00	68.75	87.55	63.95
NSE	NIFTY	31MAY2018	11000.00 CE	675	44.55	44.60	1500	46.05	0.00	39.00	47.65	34.55

FT013		NSE Eq:Close	2700219.00		NSE Derv:Close	0.00		BSE Eq:Close	811259.75			
						0.00			0.00			

Data Analysis

What is data

1.Volume

2.Delivery

3.Open Interest

4.Volatility

Implied Volatility

Flow of the Topic

What is Implied Volatility

Implied volatility analysis

Where to find DATA

Past Examples

Stock & Strike 100;Time-30 days

Call Price Simulation

Volatility(%) Vs Underlying Price

	97	98	99	100	101	102	103
22%	1.261	1.617	2.035	2.516	3.06	3.665	4.329
23%	1.362	1.725	2.147	2.63	3.173	3.775	4.433
24%	1.464	1.833	2.26	2.744	3.287	3.886	4.539
25%	1.566	1.942	2.372	2.859	3.401	3.997	4.645
26%	1.669	2.051	2.485	2.973	3.514	4.108	4.752
27%	1.773	2.16	2.598	3.087	3.628	4.22	4.859
28%	1.878	2.269	2.71	3.202	3.742	4.331	4.967

FOR VOLATILITY WE NEED

EVENTS

EVENTS

EVENTS

TYPE OF EVENTS

EVENTS

Results Session-
Starts in 1st week of
quarter and keeps
on till next month
end.

EVENTS

Budget, RBI Policy,
Elections

EVENTS

Court Decisions,
Corporate
Announcements

Flow of the Topic

We will discuss 2 results and 1 corporate announcement

Where to start

What to look for

Where will we get the data

Psychology

Results on 2018-05-16

- [TVSMOTOR](#)
- [GSFC](#)
- [JSWSTEEL](#)
- [PTC](#)
- [HINDALCO](#)
- [AXISBANK](#)
- [MUTHOOTFIN](#)
- [ITC](#)

Results on 2018-05-21

- [COLPAL](#)
- [MGL](#)
- [PETRONET](#)
- [DLF](#)
- [JUSTDIAL](#)

Results on 2018-05-22

- [CIPLA](#)
- [DRREDDY](#)
- [IOC](#)
- [BATAINDIA](#)
- [HINDPETRO](#)
- [BOSCHLTD](#)
- [BHARATFORG](#)
- [SBIN](#)
- [ANDHRABANK](#)

PNB Results Analysis

Stock	Result Year	Results Quarter	Results Date	Results Declaration Time
PNB	2018	Q3	06 Feb 2018	12:24
PNB	2017	Q2	03 Nov 2017	13:42
PNB	2017	Q1	02 Aug 2017	10:59
PNB	2017	Q4	16 May 2017	13:02
PNB	2017	Q3	07 Feb 2017	12:24
PNB	2016	Q2	05 Nov 2016	12:15
PNB	2016	Q1	28 Jul 2016	12:32
PNB	2016	Q4	18 May 2016	12:28
PNB	2016	Q3	09 Feb 2016	12:29
PNB	2015	Q2	06 Nov 2015	12:10

PNB Results Analysis

[Disclaimer](#)

[Next >>](#)

Category : Result

Security Code : 532461 Company : [PUNJAB NATIONAL BANK](#)

15 May 2018

Audited Financial Results (Standalone & Consolidated) For The Quarter/Year Ended 31.03.2018



[XBRL](#)

Exchange Received Time 15/05/2018 15:17:50

Exchange Disseminated Time 15/05/2018 15:17:57

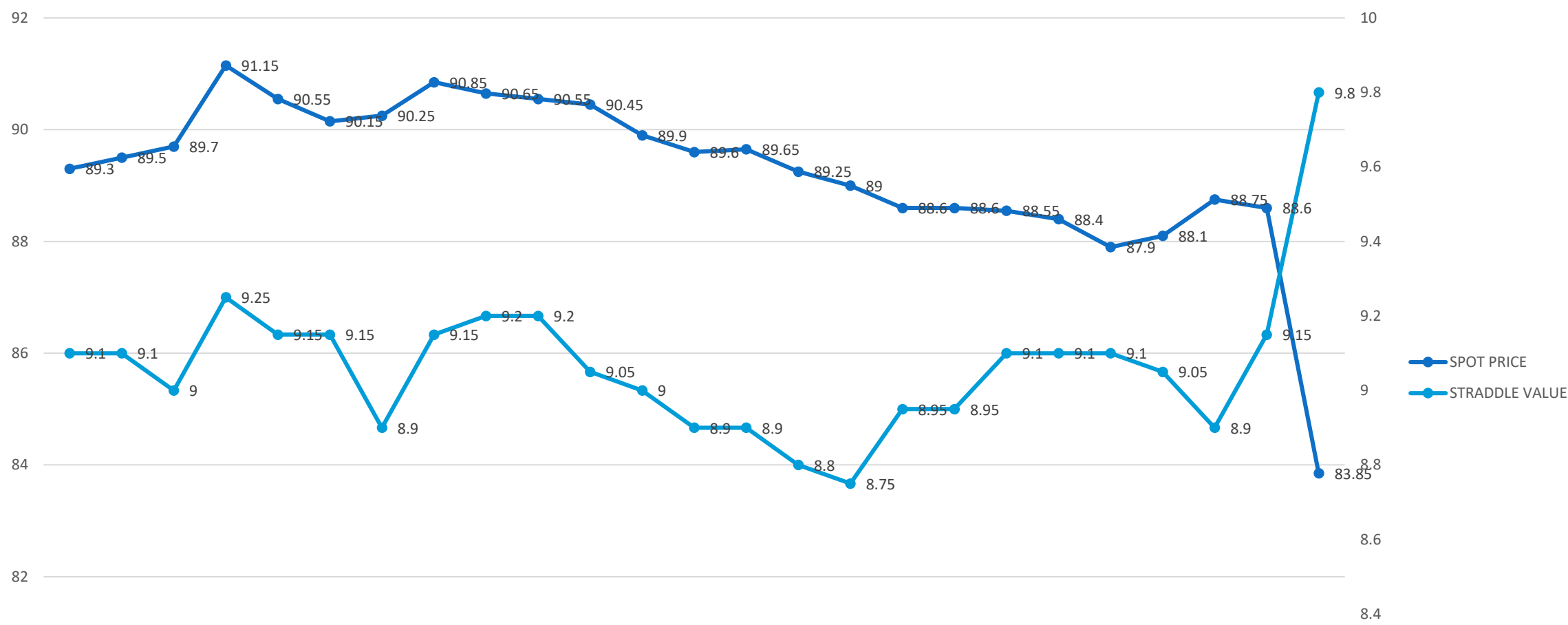
Time Taken 00:00:07

Audited Financial Results (Standalone & Consolidated) for the quarter/year ended 31.03.2018 with relevant segment reporting and independent Audit Report

PNB Results Analysis



PNB ATM(90) STRADDLE VALUE

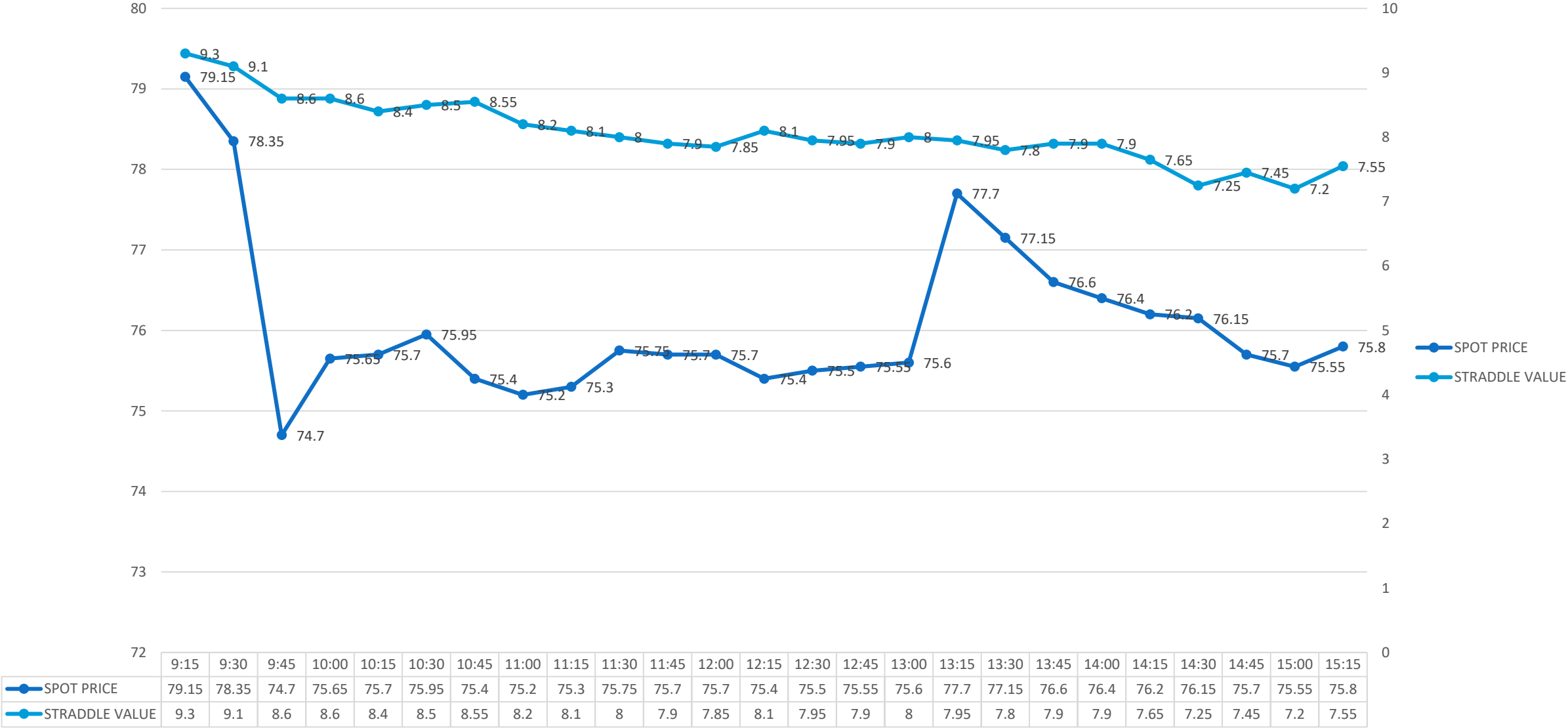


SPOT PRICE

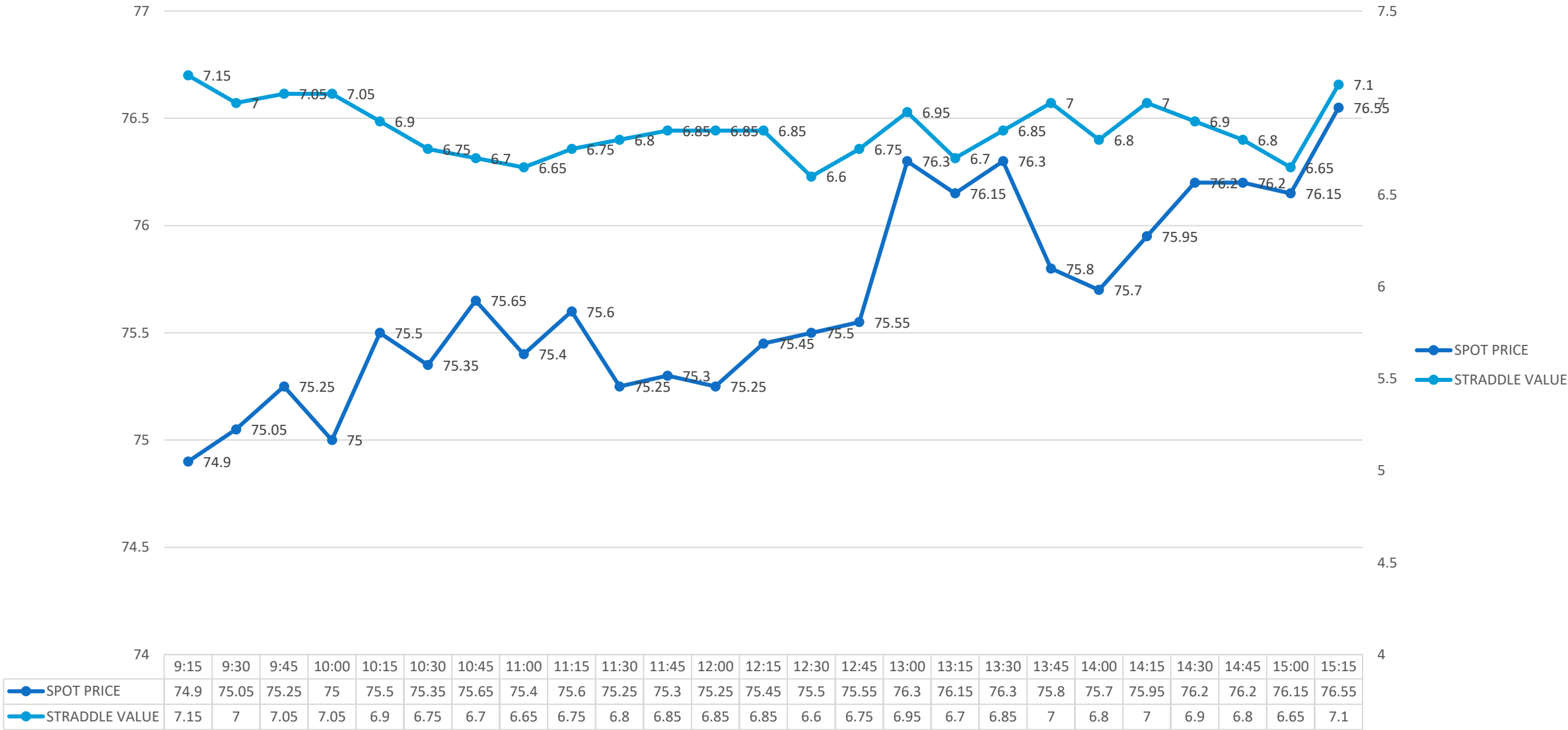
STRADDLE VALUE

9:15	9:30	9:45	10:00	10:15	10:30	10:45	11:00	11:15	11:30	11:45	12:00	12:15	12:30	12:45	13:00	13:15	13:30	13:45	14:00	14:15	14:30	14:45	15:00	15:15
89.3	89.5	89.7	91.15	90.55	90.15	90.25	90.85	90.65	90.55	90.45	89.9	89.6	89.65	89.25	89	88.6	88.6	88.55	88.4	87.9	88.1	88.75	88.6	83.85
9.1	9.1	9	9.25	9.15	9.15	8.9	9.15	9.2	9.2	9.05	9	8.9	8.9	8.8	8.75	8.95	8.95	9.1	9.1	9.1	9.05	8.9	9.15	9.8

PNB ATM(75) STRADDLE VALUE



PNB ATM(75) STRADDLE VALUE



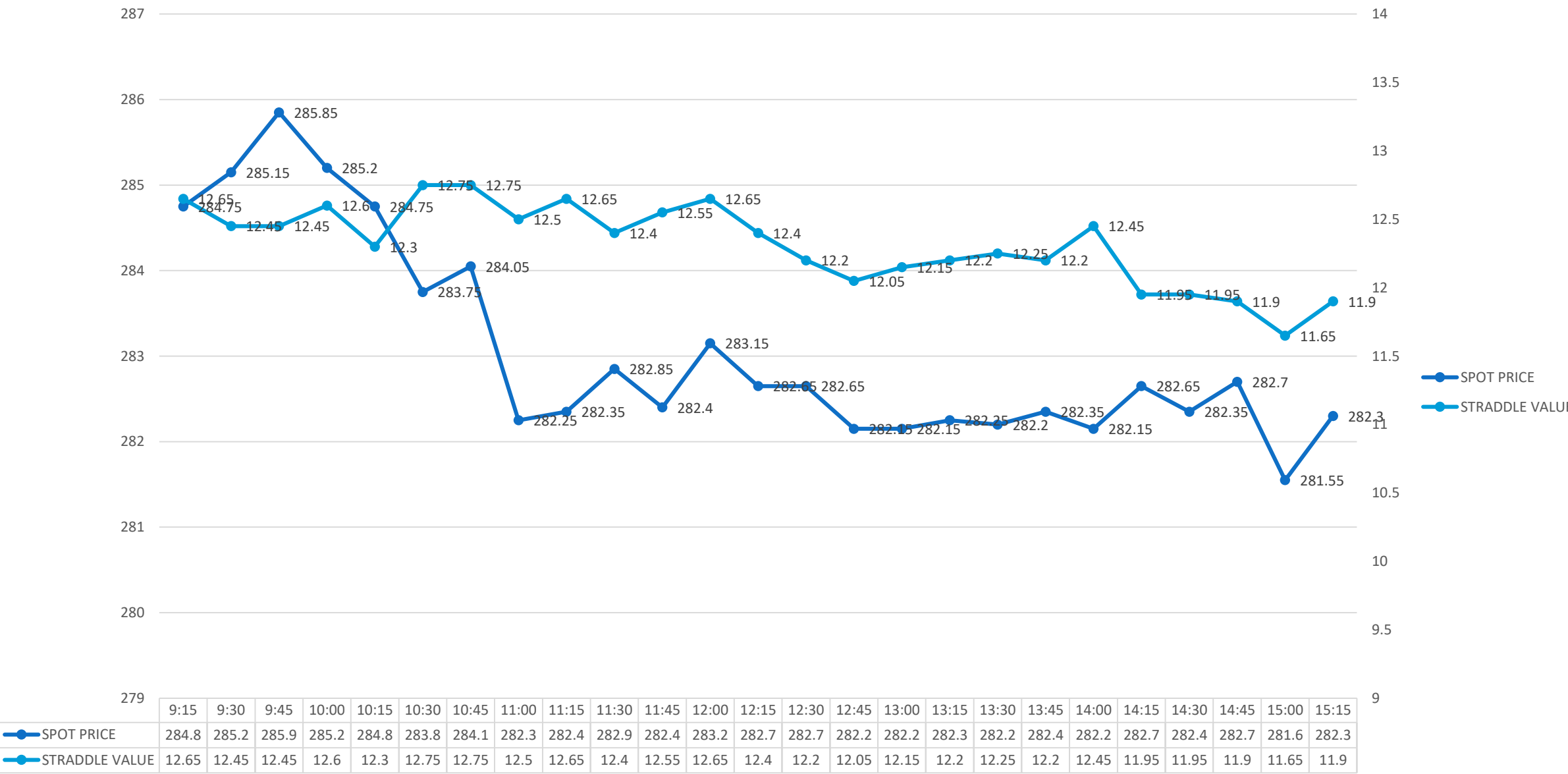
ITC result Analysis

Stock	Result Year	Results Quarter	Results Date	Results Declaration Time	
ITC	2018	Q3	19 Jan 2018	13:04	
ITC	2017	Q2	27 Oct 2017	14:49	
ITC	2017	Q1	27 Jul 2017	18:41	
ITC	2017	Q4	26 May 2017	14:46	
ITC	2017	Q3	27 Jan 2017	13:19	
ITC	2016	Q2	26 Oct 2016	13:56	
ITC	2016	Q1	21 Jul 2016	17:27	
ITC	2016	Q4	20 May 2016	15:13	
ITC	2016	Q3	22 Jan 2016	15:27	

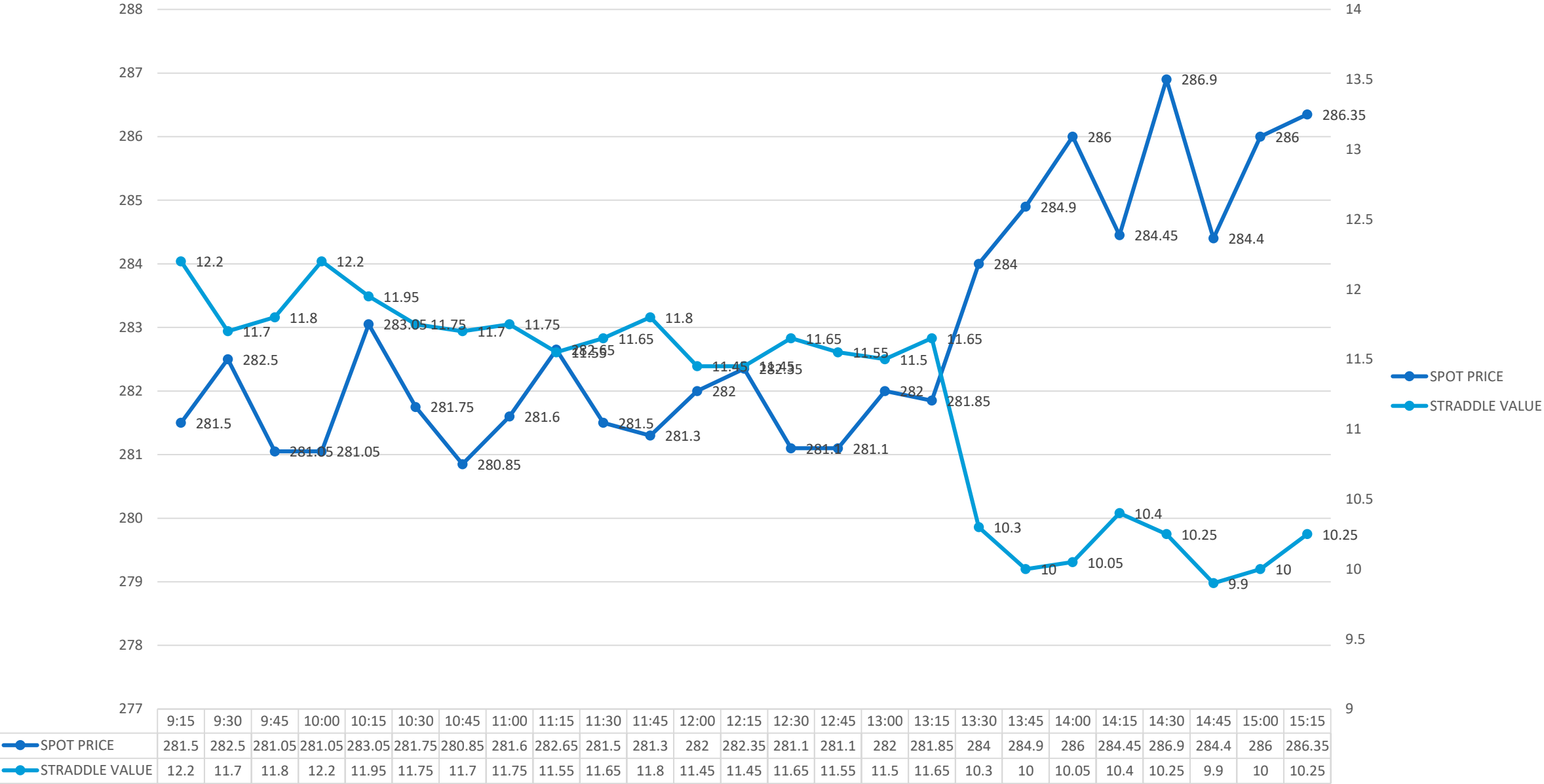
ITC result Analysis



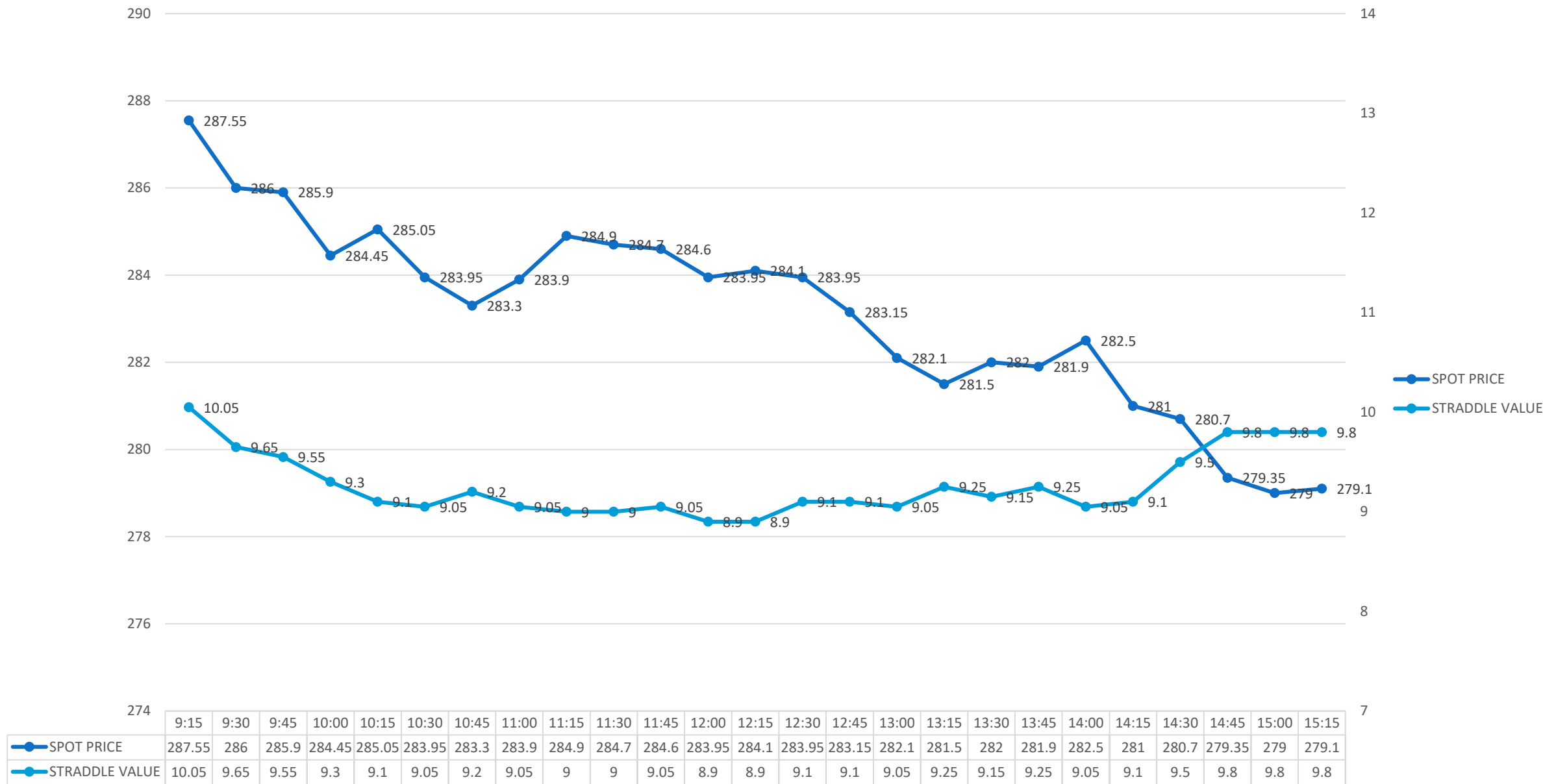
ITC ATM (280) STRADDLE VALUE



ITC ATM (280) STRADDLE VALUE



ITC ATM (280) STRADDLE VALUE



Hdfc Bank Analysis



Yatin Mota ✓
@YatinMota

Following



New SEBI Directive on Foreign Holdings and Impact on Companies like HDFC Bank.

New SEBI Foreign Holding Directive

SEBI's new directive on monitoring system for foreign holding to start from 18th May
Companies are required to provide FII & Holding data by 15th May
Monitoring system will be implemented and maintained by depositories
Red flag to be activated if FI reaches within 3% or less of cap

IMPACT On HDFC BANK: Analysts

Currently stock is in FII restricted list
Current total foreign holding in the stock is around 72.30% as on 31st March
Implementation means it is possible that 4.4 cr shares may open up for buying
At the current price this means buying flow of over 8000 crores

2:22 AM - 9 May 2018

Hdfc Bank Analysis



Hdfc Bank Analysis

Markets regulator Sebi today further extended the deadline till June 1 for putting in place a new system for depositories to monitor the foreign investment limits in listed Indian companies.

Securities and Exchange Board of India (Sebi) has extended the last day for the second time after taking into consideration representations from various quarters.

Earlier, the deadline was May 18 and prior to that it was May 1.

In a circular, the regulator said, "the new system for monitoring foreign investment limits in listed Indian companies shall be made operational on June 1, 2018".

Hdfc Bank Analysis



Hdfc Bank Analysis

Option Chain (Equity Derivatives)

Underlying Stock: **HDFCBANK 2011.90** As on May 18, 2018 15:30:29 IST

View Options Contracts for: <div>Select Index</div> OR <div>Search for an underlying stock</div> <div>GO</div>											Filter by: Expiry Date: 31MAY2018 <div></div> Futures contracts												
CALLS											PUTS												
Chart	OI	Chng in OI	Volume	IV	LTP	Net Chng	Bid Qty	Bid Price	Ask Price	Ask Qty	Strike Price	Bid Qty	Bid Price	Ask Price	Ask Qty	Net Chng	LTP	IV	Volume	Chng in OI	OI	Chart	
	-	-	-	-	-	-	-	-	-	-	1580.00	500	0.05	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	1600.00	500	0.15	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	1620.00	500	0.15	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	1640.00	500	0.15	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	1660.00	500	0.15	-	-	-	-	-	-	-	-	-	
	1,500	-	-	-	247.00	-	-	-	-	-	1680.00	500	0.15	1.50	500	-	0.25	-	-	-	-	500	
	2,000	-	-	-	237.70	-	-	-	-	-	1700.00	500	0.15	-	-	-	-	-	-	-	-	-	
	2,000	-	-	-	219.55	-	-	-	-	-	1720.00	500	0.15	-	-	-	-	-	-	-	-	-	
	500	-	-	-	207.00	-	-	-	-	-	1740.00	500	0.15	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	3,500	190.15	261.40	3,500	1760.00	500	0.30	1.00	500	-	1.00	-	-	-	-	9,500	
	3,500	-	-	-	166.25	-	-	-	-	-	1780.00	500	0.20	1.75	500	-	1.00	-	-	-	-	19,500	
	6,500	-	-	-	120.00	-	-	-	-	-	1800.00	500	0.75	1.40	500	0.05	1.00	30.80	4	500	62,000		
	500	-	-	-	145.00	-	-	-	-	-	1820.00	500	1.30	1.75	500	-0.20	1.30	29.55	6	-	26,000		
	1,500	-	-	-	87.15	-	-	-	-	-	1840.00	500	1.30	1.80	500	-0.60	1.30	26.93	3	500	84,500		
	5,500	-	-	-	163.00	-	3,500	142.80	159.10	3,500	1860.00	500	1.50	1.70	500	-0.60	1.50	24.96	9	-1,000	136,000		
	5,500	-	2	-	132.00	17.00	3,500	111.90	139.10	3,500	1880.00	500	1.30	1.45	2,000	-1.05	1.35	21.83	10	500	95,000		
	24,500	-	-	-	140.30	3.85	2,000	107.50	118.10	1,500	1900.00	500	1.60	1.80	1,000	-1.25	1.65	19.95	306	74,000	273,000		
	64,500	-	6	-	91.50	-27.55	1,500	89.45	99.60	3,000	1920.00	500	2.25	2.70	500	-1.40	2.35	18.61	129	36,000	161,000		
	81,500	-1,000	7	-	76.00	-18.50	1,500	69.20	80.35	2,500	1940.00	500	3.15	3.70	1,000	-1.55	3.40	17.24	237	16,500	261,500		
	95,500	-1,500	4	-	58.80	-16.20	1,500	53.45	61.85	1,500	1960.00	500	5.10	5.45	500	-2.15	5.25	16.11	718	-68,500	207,500		
	100,500	-5,000	30	7.64	40.10	-13.90	500	40.35	45.95	1,500	1980.00	500	8.45	9.70	500	-2.15	8.80	15.51	867	-16,000	249,500		
	354,500	-55,000	762	11.55	28.55	-17.60	1,000	28.50	29.25	500	2000.00	1,500	14.70	14.75	500	-1.35	14.70	15.23	1,730	57,000	310,500		
	226,000	122,500	1,772	12.41	18.35	-14.55	500	18.20	18.50	5,000	2020.00	500	23.20	26.95	500	-0.40	23.35	15.11	533	-76,000	62,500		
	280,000	-22,500	1,935	13.29	11.50	-13.15	1,000	11.50	12.00	1,000	2040.00	500	34.85	38.25	500	4.45	37.00	16.56	122	-18,000	39,000		
	296,500	-31,000	1,912	14.36	7.35	-11.20	1,000	7.35	7.50	500	2060.00	5,500	46.50	54.75	2,000	12.80	53.90	19.00	8	-500	13,000		
	211,000	8,500	834	15.36	4.70	-7.70	500	5.05	7.40	1,500	2080.00	5,500	63.35	74.55	2,000	6.60	70.60	20.38	1	-	2,000		
	359,500	-80,500	1,083	16.64	3.25	-6.05	500	3.25	3.50	500	2100.00	3,500	84.40	91.70	2,000	9.60	89.60	23.11	1	-	2,500		
	131,500	-5,500	271	18.23	2.50	-3.85	1,000	2.05	2.50	1,500	2120.00	5,500	101.30	110.75	2,000	-	-	-	-	-	-		
	178,000	37,000	214	19.03	1.65	-3.95	500	1.60	2.00	500	2140.00	4,500	120.80	130.05	1,000	-	-	-	-	-	-		
	67,000	-3,500	38	20.72	1.40	-2.10	500	1.40	1.60	500	2160.00	3,500	84.70	152.25	3,500	-	-	-	-	-	-		
	9,500	-	1	21.64	1.00	-1.50	1,500	0.80	2.45	1,500	2180.00	3,500	96.55	-	-	-	-	-	-	-	-		
	438,000	-23,500	267	25.17	1.40	-1.00	1,000	1.15	1.45	500	2200.00	3,500	180.85	192.00	3,500	-	204.90	-	-	-	1,000		
	3,000	-	-	-	1.80	-	1,000	0.55	1.85	1,000	2220.00	3,500	120.45	212.10	3,500	-	-	-	-	-	-		
	-	-	-	-	-	-	-	-	1.85	2,000	2240.00	3,500	132.45	-	-	-	-	-	-	-	-		
Total	2,940,000		9,138																4,684		2,016,000	Total	

Strategies

Flow of the Topic

Common strategies

Strategy approach

Rule of sticky delta

Learn more...

Optionalalpha.com

tastytrade.com

volatility & its pricing – Sheldon Natenberg

THANK YOU