



# THE NIFTY TRADE

# TOC

Derivatives

Lot Size In Derivative

Expiry in future and option

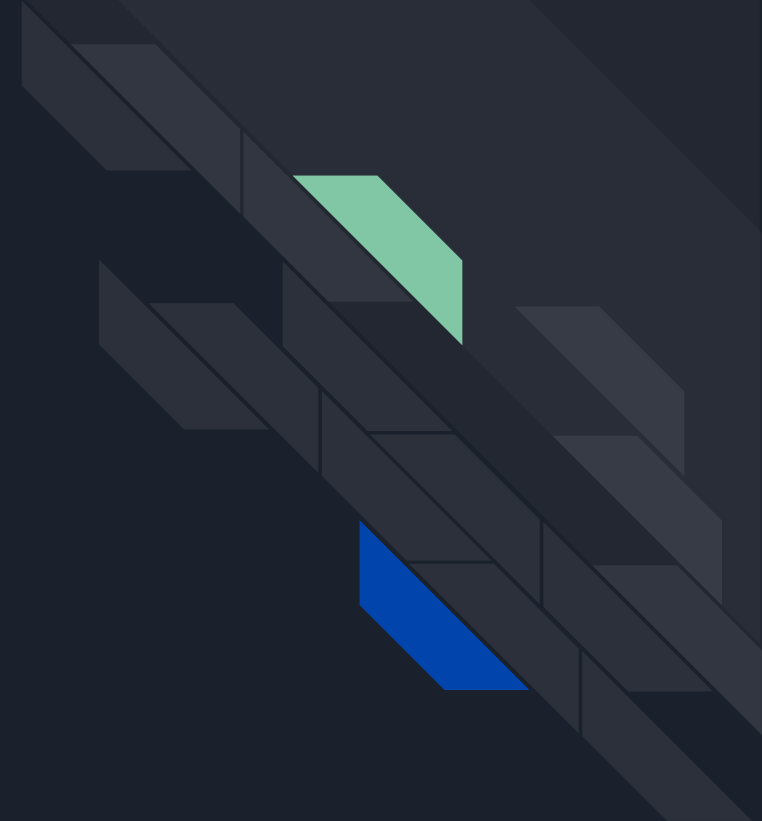
Call, Put and Future Derivatives

Transitions In Derivatives

ITM, ATM, OTM

Stick Price


Spot Price





## What is Derivatives ?

Derivatives are the financial contracts, set between two or more parties, that derive their value from an underlying asset, group of assets or benchmark.

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- A derivative can trade on an exchange or over-the-counter.
  - Prices for derivatives derive from fluctuations in the underlying asset.
  - Derivatives are usually leveraged instruments, which increases their potential risks and rewards.
  - Common derivatives include futures contracts, forwards, options and swaps.



# Types of Derivatives

01    OPTION

02    FUTURE

# What is lot size in derivative ?

A lot size is the minimum standardized quantity of stock/derivatives per contract (Futures & Options). In the stock market, most stocks trade in a lot size of 500-1000 shares, some higher-priced stocks may trade in lots of 100- 200 shares.

Ex: 1 lot of nifty have 50 shares

1 lot of Bank nifty have 25 shares

1 lot of ITC have 3200 shares

1 lot of Reliance have 250 shares

# What is the expiry in future and option?

An expiration date in derivatives is the last day that derivative contracts, such as options or futures are valid. On or before this day, investors will have already decided what to do with their expiring position.

Before an option expires, its owners can choose to exercise the option, close the position to realize their profit or loss, or let the contract expire worthless.

# POINTS

- Expiration date for derivatives is the final date on which the derivative is valid. After that time, the contract will expire.
- Option owners can choose to exercise the option (and realize profits or losses) or let it expire worthless.
- Futures contract owners can choose to roll over the contract to a future date or close their position and take delivery of the asset or commodity.



# What is the day of expiry ?

Every Thursday. There are some type of expiration .

Weekly monthly and yearly

If it is first week on Thursday of month that's weekly expiry

If it is last week on Thursday of month that's monthly expiry

If it is last year of the Thursday that's yearly expiry



# What is the Call, Put and Future Derivatives



## Call Option:

Call options are financial contracts that gives option buyer the right but not the obligation to buy a stock, bond, commodity or other asset or instrument at a specified price within a specific time period. The stock, bond or commodity is called the underlying asset. A call buyer profits when the underlying asset increases in price.

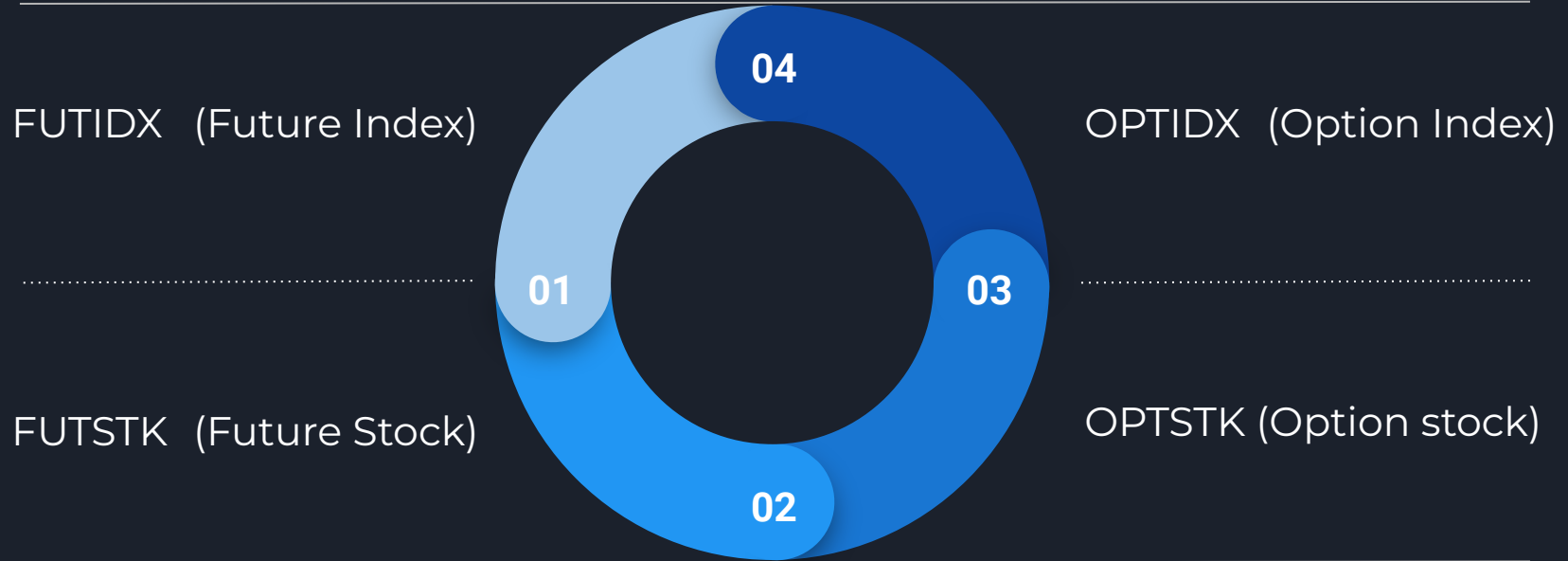
## Put Option:

A put option (or “put”) is a contract giving the option buyer the right, but not the obligation to sell -or sell short—a specified amount of an underlying security at a predetermined price within a specified time frame. A Put buyer profits when the underlying asset decrease in price.

## Future contract:

Futures are derivative financial contracts that obligate the parties to transact an asset at a predetermined future date and price. The buyer must purchase or the seller must sell the underlying asset at the set price, regardless of the current market price at the expiration date.

# How many transition are there in Derivative ?





# What is the meaning of ITM, ATM, OTM ?



## ITM:

In the money (ITM) is an expression that refers to an option that possesses intrinsic value. ITM indicates that an option has value in a strike price that is favorable in comparison to the prevailing market price of the underlying asset.

## ATM:

At the money (ATM) is a situation where an option's strike price is identical to the current market price of the underlying security. An ATM option has a delta of  $\pm 0.50$ , positive if it is a call, negative for a put.

## OTM:

Out of the money (OTM) is an expression used to describe an option contract that only contains extrinsic value. These options will have a delta of less than 50.0.

| CALLS |        |               |          |       |        |        |         |           |           |         | PUTS         |         |           |           |         |         |        |       |          |               |        |  |
|-------|--------|---------------|----------|-------|--------|--------|---------|-----------|-----------|---------|--------------|---------|-----------|-----------|---------|---------|--------|-------|----------|---------------|--------|--|
|       | OI     | CHNG<br>IN OI | VOLUME   | IV    | LTP    | CHNG   | BID QTY | BID PRICE | ASK PRICE | ASK QTY | STRIKE PRICE | BID QTY | BID PRICE | ASK PRICE | ASK QTY | CHNG    | LTP    | IV    | VOLUME   | CHNG<br>IN OI | OI     |  |
|       | 1,278  | -             | 4        | -     | 972.80 | 152.90 | 200     | 970.95    | 983.50    | 3,350   | 16,350.00    | 150     | 20.85     | 21.00     | 2,350   | -15.85  | 20.95  | 43.61 | 4,155    | 323           | 2,475  |  |
|       | 84     | 1             | 19       | 34.84 | 932.10 | 178.10 | 200     | 928.00    | 935.50    | 100     | 16,400.00    | 1,100   | 23.85     | 23.95     | 200     | -18.50  | 23.95  | 43.18 | 15,209   | 1,160         | 11,161 |  |
|       | 36     | -             | 9        | 32.39 | 886.90 | 177.90 | 550     | 880.10    | 890.35    | 100     | 16,450.00    | 50      | 27.35     | 27.50     | 1,650   | -21.00  | 28.00  | 42.83 | 4,624    | 566           | 3,381  |  |
|       | 1,953  | 120           | 209      | 42.91 | 839.95 | 171.40 | 100     | 837.50    | 841.50    | 50      | 16,500.00    | 50      | 31.25     | 31.40     | 4,350   | -25.00  | 31.30  | 42.46 | 44,137   | -3,464        | 42,265 |  |
|       | 53     | 1             | 13       | 38.41 | 800.00 | 151.25 | 100     | 792.15    | 797.45    | 100     | 16,550.00    | 800     | 35.60     | 35.80     | 1,400   | -2.30   | 35.70  | 42.00 | 4,336    | 326           | 3,384  |  |
|       | 706    | -9            | 115      | 37.37 | 746.30 | 166.10 | 50      | 746.95    | 751.70    | 250     | 16,600.00    | 650     | 40.50     | 40.60     | 1,500   | -3.50   | 40.40  | 41.56 | 19,283   | -65           | 25,199 |  |
|       | 145    | -3            | 15       | 33.79 | 704.40 | 157.10 | 200     | 702.40    | 707.80    | 100     | 16,650.00    | 100     | 46.45     | 46.50     | 1,500   | -3.00   | 46.60  | 41.21 | 4,563    | 146           | 3,668  |  |
|       | 711    | -2            | 148      | 39.99 | 648.50 | 141.85 | 100     | 660.05    | 664.10    | 100     | 16,700.00    | 1,000   | 53.15     | 53.20     | 1,500   | -41.30  | 53.25  | 40.89 | 33,216   | 578           | 34,946 |  |
|       | 167    | 3             | 39       | 39.59 | 635.70 | 169.55 | 50      | 618.05    | 621.30    | 50      | 16,750.00    | 50      | 61.20     | 61.35     | 300     | -45.70  | 61.15  | 40.73 | 5,734    | 247           | 3,506  |  |
|       | 1,321  | -263          | 818      | 38.71 | 571.15 | 157.70 | 50      | 577.65    | 580.75    | 200     | 16,800.00    | 400     | 70.00     | 70.25     | 650     | -51.80  | 70.20  | 40.51 | 42,356   | 1,433         | 27,511 |  |
|       | 283    | 11            | 69       | 39.08 | 527.85 | 155.55 | 50      | 537.35    | 540.80    | 50      | 16,850.00    | 200     | 80.15     | 80.35     | 50      | -57.65  | 80.35  | 40.39 | 11,290   | 700           | 3,393  |  |
|       | 4,677  | -193          | 929      | 37.62 | 497.95 | 128.40 | 150     | 498.75    | 501.00    | 100     | 16,900.00    | 100     | 91.05     | 91.20     | 50      | -63.55  | 91.30  | 40.15 | 44,913   | 1,120         | 20,427 |  |
|       | 981    | -41           | 314      | 38.21 | 451.25 | 109.75 | 200     | 461.75    | 464.10    | 100     | 16,950.00    | 150     | 103.80    | 104.00    | 50      | -70.85  | 103.85 | 39.98 | 10,107   | 1,109         | 3,443  |  |
|       | 16,881 | -1,047        | 15,919   | 37.17 | 426.05 | 117.35 | 600     | 426.05    | 427.20    | 400     | 17,000.00    | 600     | 117.75    | 118.05    | 200     | -76.65  | 118.00 | 39.88 | 77,812   | 5,440         | 36,928 |  |
|       | 1,472  | -42           | 1,446    | 36.78 | 386.35 | 105.10 | 50      | 390.20    | 391.95    | 100     | 17,050.00    | 100     | 132.50    | 132.95    | 100     | -85.15  | 132.80 | 39.69 | 8,278    | 682           | 3,359  |  |
|       | 17,828 | -2,286        | 22,249   | 36.60 | 356.80 | 102.70 | 400     | 356.70    | 357.30    | 150     | 17,100.00    | 50      | 148.80    | 149.15    | 200     | -92.00  | 149.10 | 39.42 | 47,971   | 3,292         | 26,246 |  |
|       | 4,114  | -1,478        | 6,836    | 36.41 | 324.75 | 92.10  | 100     | 324.90    | 325.50    | 450     | 17,150.00    | 50      | 166.70    | 166.95    | 550     | -99.90  | 167.05 | 39.29 | 12,503   | 862           | 4,369  |  |
|       | 26,141 | 407           | 45,939   | 36.48 | 294.40 | 85.10  | 50      | 294.35    | 294.75    | 150     | 17,200.00    | 50      | 185.85    | 186.25    | 250     | -108.10 | 185.95 | 39.06 | 56,953   | 7,852         | 26,862 |  |
|       | 5,748  | -324          | 16,894   | 36.19 | 266.70 | 76.80  | 50      | 266.20    | 266.60    | 100     | 17,250.00    | 100     | 206.90    | 207.40    | 150     | -115.85 | 207.40 | 38.81 | 17,807   | 2,614         | 5,171  |  |
|       | 52,719 | 7,237         | 1,44,210 | 36.30 | 238.80 | 69.60  | 100     | 238.70    | 239.10    | 100     | 17,300.00    | 50      | 229.40    | 229.90    | 50      | -125.45 | 229.95 | 38.58 | 1,08,591 | 15,434        | 38,432 |  |
|       | 13,290 | 1,143         | 35,748   | 36.03 | 213.85 | 61.50  | 100     | 213.85    | 214.10    | 50      | 17,350.00    | 250     | 254.40    | 255.10    | 50      | -131.85 | 254.85 | 38.68 | 13,281   | 2,111         | 4,618  |  |
|       | 33,870 | 717           | 64,562   | 35.94 | 190.25 | 55.30  | 100     | 190.05    | 190.35    | 50      | 17,400.00    | 50      | 280.85    | 281.45    | 50      | -139.65 | 280.65 | 38.57 | 23,110   | 746           | 10,749 |  |
|       | 6,317  | 834           | 12,372   | 35.82 | 168.55 | 47.70  | 50      | 168.25    | 168.60    | 50      | 17,450.00    | 150     | 308.45    | 309.40    | 350     | -146.25 | 309.35 | 38.57 | 8,866    | 259           | 808    |  |
|       | 50,784 | -119          | 92,380   | 35.64 | 148.10 | 41.95  | 50      | 148.10    | 148.45    | 250     | 17,500.00    | 100     | 339.00    | 339.40    | 150     | -153.25 | 339.20 | 38.57 | 2,123    | 552           | 7,905  |  |
|       | 5,709  | 673           | 12,508   | 35.60 | 130.35 | 36.20  | 150     | 130.05    | 130.45    | 100     | 17,550.00    | 100     | 370.05    | 371.50    | 150     | -165.75 | 372.00 | 37.48 | 671      | 26            | 712    |  |
|       | 29,939 | 1,380         | 54,156   | 35.55 | 113.15 | 31.70  | 50      | 113.20    | 113.40    | 50      | 17,600.00    | 150     | 403.05    | 404.20    | 50      | -162.70 | 406.70 | 38.28 | 2,879    | 30            | 4,381  |  |
|       | 6,055  | 812           | 13,700   | 35.50 | 98.80  | 26.85  | 50      | 98.65     | 99.00     | 150     | 17,650.00    | 50      | 437.60    | 440.70    | 50      | -161.15 | 448.00 | 37.19 | 19       | -1            | 231    |  |
|       | 30,113 | -2,284        | 54,156   | 35.36 | 85.10  | 23.10  | 50      | 85.25     | 85.40     | 1,150   | 17,700.00    | 150     | 474.30    | 476.60    | 100     | -170.60 | 479.40 | 38.16 | 441      | -6            | 4,337  |  |
|       | 6,970  | 114           | 11,112   | 35.33 | 73.40  | 19.35  | 200     | 73.25     | 73.50     | 450     | 17,750.00    | 100     | 512.05    | 515.95    | 150     | -150.75 | 519.85 | 37.85 | 26       | 4             | 245    |  |
|       | 38,699 | 223           | 40,266   | 35.34 | 63.05  | 16.60  | 50      | 63.00     | 63.10     | 50      | 17,800.00    | 100     | 551.80    | 554.05    | 50      | -177.00 | 554.05 | 38.83 | 226      | -36           | 3,152  |  |
|       | 5,873  | 618           | 8,232    | 35.41 | 53.65  | 13.20  | 900     | 53.70     | 54.10     | 1,650   | 17,850.00    | 100     | 592.00    | 597.30    | 200     | -180.30 | 595.00 | 40.20 | 4        | -2            | 163    |  |
|       | 27,137 | 1,000         | 34,893   | 35.34 | 45.65  | 10.95  | 1,000   | 45.60     | 45.75     | 300     | 17,900.00    | 250     | 633.80    | 638.15    | 250     | -180.10 | 640.00 | 45.16 | 37       | -14           | 1,790  |  |
|       | 6,094  | 1,292         | 9,315    | 35.50 | 39.95  | 9.60   | 350     | 39.70     | 39.95     | 150     | 17,950.00    | 250     | 669.85    | 675.00    | 250     | -187.05 | 678.00 | 37.18 | 8        | -             | 48     |  |
|       | 79,901 | 1,911         | 72,151   | 35.56 | 33.15  | 7.10   | 5,050   | 33.00     | 33.15     | 650     | 18,000.00    | 50      | 721.70    | 724.75    | 50      | -174.00 | 730.00 | 38.57 | 235      | -18           | 3,566  |  |
|       | 6,049  | 1,564         | 7,285    | 35.66 | 27.90  | 5.50   | 350     | 27.95     | 28.10     | 1,300   | 18,050.00    | 100     | 764.05    | 771.25    | 100     | -176.00 | 775.00 | 43.79 | 3        | -1            | 49     |  |
|       | 25,318 | 1,661         | 26,022   | 35.59 | 23.40  | 4.55   | 1,200   | 23.20     | 23.40     | 2,950   | 18,100.00    | 950     | 810.25    | 826.70    | 2,950   | -189.60 | 815.00 | 37.87 | 3        | -1            | 754    |  |
|       | 7,617  | 1,476         | 6,447    | 35.74 | 19.65  | 3.50   | 3,650   | 19.45     | 19.65     | 650     | 18,150.00    | 400     | 860.00    | 869.25    | 200     | -       | -      | -     | -        | -             | 86     |  |



# What's is stick price?

A strike price is a set price at which a derivative contract can be bought or sold when it is exercised. For call options, the strike price is where the security can be bought by the option holder; for put options, the strike price is the price at which the security can be sold.

Ex: Current future Price is Stick price



# What's is spot price?

The spot price is the current price in the marketplace at which a given asset—such as a security, commodity, or currency—can be bought or sold for immediate delivery. While spot prices are specific to both time and place, in a global economy the spot price of most securities or commodities tends to be fairly uniform worldwide when accounting for exchange rates. In contrast to the spot price, a futures price is an agreed upon price for future delivery of the asset.

THANK YOU

