IMPORTANT INFORMATION

*The soft ware buyers are requested to install the soft ware within a week of receiving it.

*The installation related support from smart finance is extended up to a week of receiving the material from your end.

* The defect material can be replaced if it is intimated to smart finance within a week from purchase.

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*E-mail queries can be responded within five working days provided the asked question is a valid one.

*Online support regarding Subject related queries is extended up to one month from the day of receiving the material from your end.

Sincerely
Admin-Smart finance
www.smartfinancein.com

User Manual Volatility Software

Introduction: The software has 3 different parts to help you in intraday trade, investment and option trade. The internal mathematical process in the software will calculate the volatility involved in the stock, commodity or currency based on previous day's high, low and last traded price and today's high, low, open and current price. After calculating the volatility, the software will automatically adopt the suitable method as per the volatility estimate to calculate the buy entry and targets and sell entry and targets respectively. If the stock open with gap up or gap down then also the software will do the automatic adjustment of the price and inform you the correct entry.

Intraday volatility calculator uses and its accuracy:

Intraday Volatility Calculator						
Enter Previous Day High,low and last trade price						
High	**5050**	**Low**	**4940**	**Last trade**	**4960**	
Enter Current Day Open,High,low and current price						
Open	**4975**	**High**	**5053**	**Low**	**4953**	**Last trade**	**4986**

	Buy entry price		4987.35	Sell entry price		4932.7
	Target1		5001.79	Target 1		4918.2
	Target2		5027.61	Target 2		4892.4
	Target3		5045.98	Target 3		4874
	Target4		5069.39	Target 4		4850.6
	Final target as per volatility		5099.15	Final target as per volatility		4820.9
	Expanded target as per volatility		5137	Expanded target as per volatility		4783

Above window has 2 parts. In the 1ˢᵗ part you need to enter the 7 inputs like
1. previous day's high,
2. previous day's low,
3. previous day's last trade price
4. current day's open
5. current day's high

6 current day's low
7 and current market price

Based on the internal calculation of volatility and best suitable method it will advise you the buy entry price and its target and sell entry price and its target.

As an intraday trader if your current price is in between the 1st target and suggested entry price then you can make an entry or else don't enter.

The sell entry price will act as the stop loss of buy entry and vice versa. If the current price is suitable for making an entry the calculator will automatically alert you.See the below screen for the details

		Intraday Volatility Calculator						
		Enter Previous Day High,low and last trade price						
	High		5136	Low	5065	Last trade	5132	
		Enter Current Day Open,High,low and current price						
Open		5165	High	5180	Low	4953	Last trade	4986

	Buy entry price		5188.93	Sell entry price	5075.1
	Target1		5218.99	Target 1	5045
	Target2		5272.73	Target 2	4991.3
	Target3		5310.98	Target 3	4953
	Target4		5359.71	Target 4	4904.3
Final target as per volatility			5421.65	Final target as per volatility	4842.4
Expanded target as per volatility			5500.43	Expanded target as per volatility	4763.6

Current price near target2.Better avoid entry now or wait

By entering the previous day high 5136, low 5065, last trade price 5132 , today's open 5165,today's high 5180, low 4953 and last trade price 4986 in addition to identification of the entry and it's respective targets the software will give an additional information that is just below the target calculation table a message flags, "**Current price near target2. Better avoid entry now or wait**". This information will alert you not to make an entry and better wait for some time to get your entry price to come.

 The simple way to provide 7 inputs will make you a champion intraday trader.

See some of the results:

1. 14th June nifty future high-low and last trade price was 5209-5138.25-5205. 15th June nifty open at 5201.3 and the 1st 5 minuet candle recorded high 5209 low 5190 and current price 5195 at 9:10 a.m.

		Intraday Volatility Calculator					
		Enter Previous Day High,low and last trade price					
	High	5209	Low	5138.3	Last trade		5205
		Enter Current Day Open,High,low and current price					
						Last	
Open	5201.3	High	5209	Low	5190	trade	5206

	Buy entry price		5222.89		Sell entry price		5187.1
	Target1		5232.34		Target 1		5177.7
	Target2		5249.23		Target 2		5160.8
	Target3		5261.26		Target 3		5148.7
	Target4		5276.57		Target 4		5133.4
Final target as per volatility			5296.04		Final target as per volatility		5114
Expanded target as per volatility			5320.81		Expanded target as per volatility		5089.2

Based on the above input I got the buy entry at 5223 and sell entry at 5187. At time 10:20 a.m. I got chance to sell nifty future and at 12:15 p.m. I have achieved the 1st target and gained near to 10 points. At 1:30 p.m I got a chance to buy nifty at 5223 and achieve my 1st target at 2:45 and day's high recorder was 5245 which is very near to my 2nd target.

Since the index does not have any significant gap up and gap down opening it has oscillated in the band of 1st targets. However it has given the clean chance to achieve 2 targets. The intraday chart is given below for your reference. Out of 45 points of net movement in a day using the soft ware you have tracked near to 20 points if you can make an exit in the 1st target. Using the trailing stop loss you can enhance the gain.

2. The 14th June 2010 SBI high-low-last trade prices are 2359.9-2326-2346.10.
On 15th the stock opened at 2350, recorded high-low as 2350 and 2336 in the 1st 5 minuet of the trade and currently quoting at 2342 at 9:05 a.m. using these data I got the following outputs

Intraday Volatility Calculator							
	Enter Previous Day High,low and last trade price						
	High	2359.9	Low	2326	Last trade		2346.1
	Enter Current Day Open,High,low and current price						
						Last	
Open		2350	High	2350	Low	2336	trade	2342

	Buy entry price		2354.63		Sell entry price		2337.6
	Target1		2359.13		Target 1		2333.1
	Target2		2367.19		Target 2		2325
	Target3		2372.92		Target 3		2319.3
	Target4		2380.22		Target 4		2312
Final target as per volatility			2389.5		Final target as per volatility		2302.7
Expanded target as per volatility			2401.31		Expanded target as per volatility		2290.9

I got a chance to sell the stock at 2337.6 at 9:10 am and achieved the target of 2320 which is very near to my 3rd target of 2319.3 at 12:30 p.m. Around 2:45 p.m. the stock also given the chance to buy at 2355 and achieved the 3 rd target 2373 before 2:50 p.m. and recorded the days high of 2374.35. The last traded price of the stock is very near to the 2nd target. Intraday price time chart of SBI is given for your reference

Positional trade calculator: This calculator is being developed using the same volatility concept with an objective to help you in making the investment decision.

1. The 14th June 2010 SBI **high-low-last trade prices are 2359.9-2326-2346.10.** On 15th the stock open at 2350, recorded high-low as 2374 and 2320 and currently trading at 2368 based on this if I wish to derive an investment decision for 3 days

	Positional Volatility Calculator					
	Enter Previous Day High, low and last trade price					
	High	2360	Low	2326	Last trade	2346.1	
	Number of days you wish to hold the trade					3	
	Enter Current Day Open, High, low and current price					
Open		2350	High	2374	Low	2320	Last trade	2368

	Expected price range			93.59			
	Buy entry price		2375		Sell entry price		2317.2
	Target 1		2392.3		Target 1		2299.9
	Target 2		2402.7		Target 2		2289.5
	Target3		2425.8		Target 3		2266.4
	Target 4		2439.7		Target 4		2252.5
	Expanded target as per volatility		2526.4		Expanded target as per volatility		2165.8

Based on the above data it is advising me to buy at 2375 with optimum target of 2526 and stop loss of 2317. If the price falls below 2317 then it has a chance to fall to 2166. As a short term investor wish to make money in buy today and sell tomorrow or vice versa or wish to buy and hold for couple of days I can take the best advantage of this too. This tool will take one additional input that is the number of days you wish to hold the trade.

Volatile based option trade calculator: Using this calculator you can trade in intraday options and you can also form strategy. In order to do this, 1st you need to decide the strike which you may choose for the trading in intraday. This calculator will do this job for you. I have taken one example to demonstrate this.

Example: 14th June 2010 icici bank high-low-last trade price is 859-843.5-852.10 as follows. 15th June at 9:05 am I have recorded the open-high-low-current price as 852.1-854-847 and currently quoting at 848. Using this data I got the following

	A	B	C	D	E	F	G	H	I	J	K	L
1					Volatility Based Option Trade Calculator							
2					Enter the following information							
3												
4			Previous day high			859	Today's high		854			
5												
6			Previous day low			843.5	Today's low		847			
7												
8			Previous day last trade price			852.1	Today's open		852.1			
9												
10			Type of option		American ▼	Current price			848			
11												
12			Type of option		call ▼	Strike price			0			
13												
14			Time till expiry			0	Current premium		0			
15												
16			Enter the price at which you wish to see the option premium						0			
17						Option Premium			#VALUE!			
18						Out put						
19			Implied volatility			#VALUE!	Daily volatility		1.83			
20												
21			Underlying volatility			34.9	Expected price range		15.57			
22							for intraday					
23			Expected price movement in underlying and option in intraday as per volatility									
24				call		option premium at the below mentioned levels of the underlying						
25			Buy price of Underlying			855.99	#VALUE!	Sell price Underlying			848.2	#####
26				Target 1		858.05	#VALUE!		Target 1		846.2	#####
27				Target 2		859.88	#VALUE!		Target 2		844.3	#####
28				Target 3		861.72	#VALUE!		Target 3		839.9	#####
29				Target 4		864.34	#VALUE!		Target 4		836.5	#####
30			Final target as per volatility			867.67	#VALUE!	Final target as per volatility			836.5	#####
31			Expanded target as per volatility			871.9	#VALUE!	Expanded target as per volatility			832.3	#####

This says if the price is falling below 848 it has all possibility to touch 836 similarly above 856 it has all possibility to touch 868.

Since the current price is at 848 which is exactly at my sell entry price, I have chosen 840 pa to trade. If price is moving above 856 I will choose 860 ca for the trade.

At 9:05 A.M the 840 pa was trading at 13.80. Inputting 840 strike, choosing put option, American and current price of option as 13.80 I got that at 836.50 (i.e. as per the volatility expected price) my put option will be trading at 18.56.

	I16	▼	fx 836.5								
	A	B	C	D	E	F	G	H	I	J	K	L
4			Previous day high			859	Today's high		854			
5												
6			Previous day low			843.5	Today's low		847			
7												
8			Previous day last trade price			852.1	Today's open		852.1			
9												
10			Type of option			American ▼	Current price		848			
11												
12			Type of option			put ▼	Strike price		840			
13												
14			Time till expiry			10	Current premium		13.8			
15												
16			Enter the price at which you wish to see the option premium						836.5			
17						Option Premium			18.56			
18						Out put						
19			Implied volatility			32.48	Daily volatility		1.83			
20												
21			Underlying volatility			34.9	Expected price range		15.57			
22							for intraday					
23			Expected price movement in underlying and option in intraday as per volatility									
24				put		option premium at the below mentioned levels of the underlying						
25			Buy price of Underlying			855.99	10.46	Sell price Underlying			848.2	13.31
26				Target 1		858.05	9.79	Target 1			846.2	14.14
27				Target 2		859.88	9.22	Target 2			844.3	14.92
28				Target 3		861.72	8.67	Target 3			839.9	16.93
29				Target 4		864.34	7.94	Target 4			836.5	18.54
30			Final target as per volatility			867.67	7.08	Final target as per volatility			836.5	18.54
31			Expanded target as per volatility			871.9	6.09	Expanded target as per volatility			832.3	20.74
32								Opion Greek				

Referring to the put option price at 856 I have concluded, "buying the option at 13.80 when the stock is at 848 (which is my sell entry) I will expect the target 18.54 when the stock will touch 836.5 and I will keep the stop loss for my option trade at 10.50 when the stock will move to 856".

When icici bank touched 839.30 at 11:30 the 840 put options recorded 18.15 this very close to our final target.

Using the 860 strike call and its current price you can form different option strategy for intraday gain or positional gain also. Besides this the calculator will give you the various option Greeks, implied volatility, volatility of the underlying stock for advanced analysis. The calculator uses the binomial pricing model of option; it uses the interest rate component as 10% per annum. To reduce the user input burden we have pre-set these values.

Price quote for icici 840 pa on 15th June 2010 is given for reference

ICICIBANK					
Instrument Type	Underlying	Expiry Date	Option Type	Strike Price	Market Lot
OPTSTK	ICICIBANK	24JUN2010	PA	840.00	350

Price Information	
Open Price	13.30
High Price	18.15
Low Price	9.00
Last Price	9.10
Prev Close	11.50
Close Price	9.85
Change from prev close	-2.40
% Change from prev close	-
VWAP	14.24
Underlying Value	864.00
Number of contracts traded	675
Turnover in Rs. Lakhs	2018.14
Open Interest	401100
Change in Open Interest	5250
% Change	1.33

Order Book			
Buy Qty	Buy Price	Sell Price	Sell Qty
350	8.65	10.10	700
1400	8.50	10.15	350
350	8.25	10.35	350
350	8.05	10.40	350
350	8.00	10.45	2450
8750	Total Buy Qty	Total Sell Qty	31150

Other Information	
Settlement Price	-
Daily Volatility	2.19
Annualised Volatility	41.80
Client Wise Position Limits	7995501
Market Wide Position Limits	159910021

Icici bank intraday 5 minuet chart on 15th June 2010 for your reference

The calculator has the inbuilt mechanism to evaluate the option premium at any price level of your choice just by changing on value at row 16 as given below.

Enter the price at which you wish to see the option premium						856
			Option Premium			10.46
			Out put			

 This will help you to track the dynamic price behavior of option premium. By changing the time till expiry alone you can identify the price of the option in days ahead.

By understanding the Greeks you can form delta neutral, Vega neutral and many more complex option strategies. More precisely the dynamic behavior of volatility you can track using this option tool.