

What September did to the market

Two months of the Closing Auction Session, measured against each other across the cash and derivatives markets.

The Closing Auction Session completed its second month on 29 September. August provided the before-and-after observation; September provides the first evidence of what the mechanism does once the novelty has worn off. The two months can now be compared on identical measures, and the picture that emerges is different from the one the first month suggested.

Three findings. The auction is settling: it moves the closing price less than it did in August, hits its price band far less often, and has lost most of its upward bias. Trading activity did not change in aggregate but redistributed within the expiry cycle, draining the early sessions and loading the last four. And the auction's largest flows now arrive on index-rebalancing days, one of which fell directly on monthly expiry.

The auction moves the close less than it did

Every closing auction inherits a reference price, the volume-weighted average of trading between 3:00 and 3:15 pm, and then discovers an equilibrium price that becomes the official close. The distance between the two is the clearest available measure of what the mechanism does. Across roughly 4,200 stock-sessions a month, that distance fell from 0.323% of price in August to 0.269% in September on ordinary sessions, a decline of 16.9%. About half of that gap is the first week of August, when the mechanism was new; measured against August from 10 August onward the fall is 7.5%. The auction also stopped straining against its own limits: the share of stock-sessions closing at or near the 3% price band fell from 0.17% to 0.03%.

Index events now carry the auction

September recorded Rs 68,007 crore of auction turnover against Rs 63,630 crore in August. Three sessions produced 66.6% of it: the FTSE rebalance on 18 September at Rs 16,613 crore, the Nifty semi-annual review on 29 September at Rs 24,504 crore, and a single-stock event on 4 September. Outside those days the auction ran at a median of Rs 1,354 crore, close to August's Rs 1,137 crore. Two months in, the ordinary-session baseline shows no established trend; what decides a month's headline is how many index events land in it.

Activity redistributed rather than grew

Stock futures averaged 15.50 lakh contracts a day against 15.62 lakh in August. Aligned by distance from monthly expiry, the early cycle fell 17.0% while expiry day itself rose 12.6%. The four sessions before and including expiry carried 59.4% of the month against 55.0% in August.

Cash fell, derivatives did not

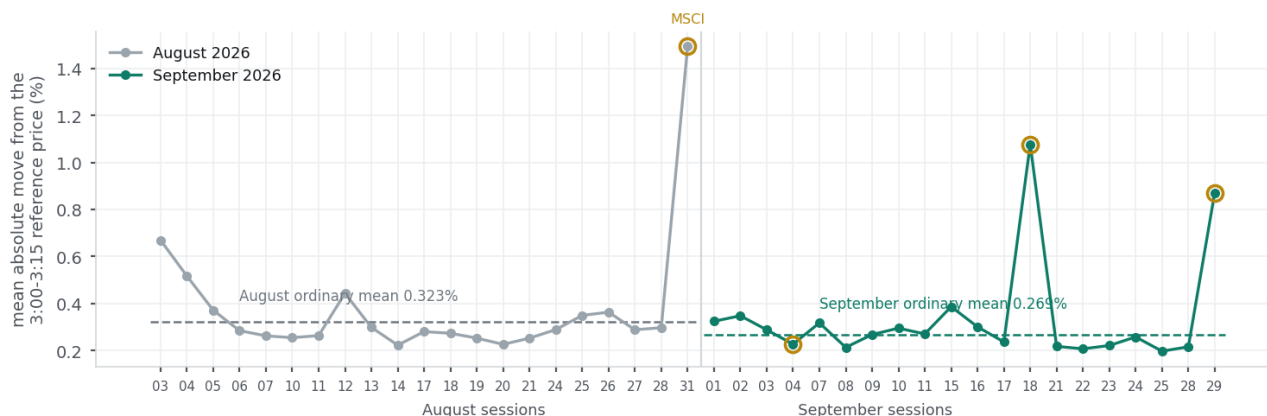
Cash-market turnover averaged Rs 114,274 crore a session in September against roughly Rs 119,667 crore in August, a fall of 4.5%. Equity derivatives turnover moved the other way, up 3.1% to Rs 169,283 crore a session. The ratio of derivatives to cash turnover stood at 1.48 times for the month.

ONE • THE CLOSING AUCTION

What the auction does to the close

The distance between the price the auction inherits and the price it produces.

At 3:15 pm continuous trading stops in every stock carrying a derivative contract. The auction collects orders until about 3:35 pm and matches them at a single equilibrium price, which becomes the official close. Orders are confined to a band of plus or minus 3% around a reference price set by the volume-weighted average of trading between 3:00 and 3:15 pm. The gap between that reference price and the final auction price is the mechanism's own footprint, and it is published daily.



Mean absolute move from the 3:00–3:15 pm reference price to the auction close, by session, across all CAS-eligible stocks. Circled points are index-rebalancing or single-stock event sessions. Source: NSE Closing Auction Session archives, Vtrender calculation.

Measure	August 2026	September 2026	Change
Mean absolute move, ordinary sessions	0.323%	0.269%	-16.9%
Median absolute move, ordinary sessions	0.247%	0.215%	-13.1%
Share closing at or near the 3% band	0.17%	0.03%	—
Mean signed move	+0.138%	+0.039%	—
Share closing above the reference price	60.0%	54.8%	—
Stock-sessions measured	4,378	4,200	—

Ordinary sessions exclude 31 August and 4, 18 and 29 September. The difference in mean absolute move is significant at p below 0.0001 on a Mann-Whitney test.

How much of the fall is the launch week

August measured from	August mean	September mean	Change
3 August, the first session	0.323%	0.269%	-16.9%
10 August, after the first week	0.291%	0.269%	-7.5%
Paired symbol by symbol, from 10 August	—	—	-5.0%

The paired comparison measures each of the 210 symbols present in both months against itself, which removes any change in the composition of the universe. All three versions are statistically significant, at p = 8e-12, 3.6e-4 and 8.6e-4 respectively.

The two comparisons measure different things and both are worth stating. The first is the like-for-like change between the two calendar months. The second strips out a settling-in effect that by definition happens only once. The durable month-on-month improvement is the smaller number.

Three things the series shows

The mechanism took about a week to settle. The first session, 3 August, recorded a mean move of 0.670%; by 6 August the series had fallen to 0.285% and it has not returned to launch-week levels since. That decay is visible in the chart and is the clearest evidence that the early August readings reflected unfamiliarity rather than a permanent feature.

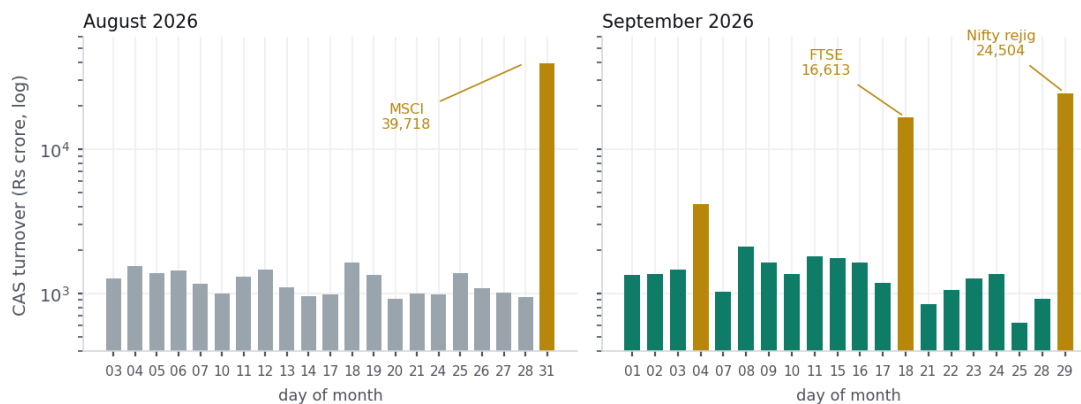
The auction carries a directional bias, and the bias is shrinking. In August the final price closed above the reference price in 60.0% of stock-sessions, with a mean signed move of +0.138%. In September that fell to 54.8% and +0.039%. The bias is statistically clear in both months and has more than halved.

The price band binds only on rebalancing days. On an ordinary September session, three stock-sessions in ten thousand closed at the band. On 31 August, the figure was more than one in four.

TWO • INDEX EVENTS

Where the auction's volume comes from

Two-thirds of each month arrives on the days when passive money has to print at the close.



Daily NSE Closing Auction Session turnover, August and September 2026. Log scale. Amber bars are index-rebalancing or single-stock event sessions. Source: NSE Closing Auction Session archives.

Session	CAS turnover Driver	Top 8 names
31 August 2026	Rs 39,718 cr MSCI August 2026 index review	60% of session
4 September 2026	Rs 4,147 cr Single-stock event, one name at Rs 3,065 cr	82% of session
18 September 2026	Rs 16,613 cr FTSE index rebalance	34% of session
29 September 2026	Rs 24,504 cr Nifty 50 semi-annual review, on monthly expiry	51% of session
August ordinary median	Rs 1,168 cr –	–
September ordinary median	Rs 1,354 cr –	–

Ordinary medians exclude the event sessions listed above. The 18 September session is the most broadly distributed auction recorded to date; the 4 September session the most concentrated.

The 29 September convergence

In August the largest auction fell on 31 August, four sessions after monthly expiry. In September the Nifty semi-annual review took effect at the close of 29 September, which was also monthly expiry. That session was simultaneously the second-largest auction on record at Rs 24,504 crore and a 36.13 lakh-contract stock-futures rollover session. August separated the two flows; September stacked them.

The composition differed sharply between the two large rebalances. The FTSE session on 18 September spread across the large-cap complex, with its eight largest names accounting for only 34% of turnover. The Nifty session on 29 September was concentrated: a single name took a quarter of the session as it entered the index, and the name it replaced accounted for much of the rest.

Scale against the cash market

On an ordinary August session the auction cleared roughly 1% of NSE cash-market turnover. On 31 August it cleared 22%. That range is the operative fact about the mechanism after two months: a small and stable share of daily activity, and the designated venue for index flow when index flow arrives.

The futures-to-cash relationship

The dislocation that opened in August has partly closed, and now concentrates on event days.

The cash close is an auction equilibrium struck at about 3:35 pm. The futures close remains a volume-weighted average over a window running to 3:40 pm. Two different mechanisms settling the same underlying. The dispersion of the day-to-day change in the gap between them, measured across roughly two hundred near-month single-stock futures, tracks how closely the two agree.

Period	Basis dispersion Note
July 2026, before the auction	0.279% pre-CAS baseline
August 2026, full month	0.502% first month of the auction
August 2026, matched window	0.440% ten sessions to expiry
September 2026, ordinary sessions	0.369% same ten-session window
September 2026, index-event sessions	1.056% 18, 21 and 29 September

Basis is the futures close less the underlying cash close as a percentage of the cash close, on near-month contracts trading at least 500 lots. Dispersion is the cross-sectional standard deviation of its day-on-day change. The August and September figures cover the matched window from nine sessions before expiry to expiry day. Underlying daily return volatility rose 7.5% across the same window, so the September tightening is not a quiet-market artefact. The ordinary-session difference is significant at p = 0.008.

Reading it

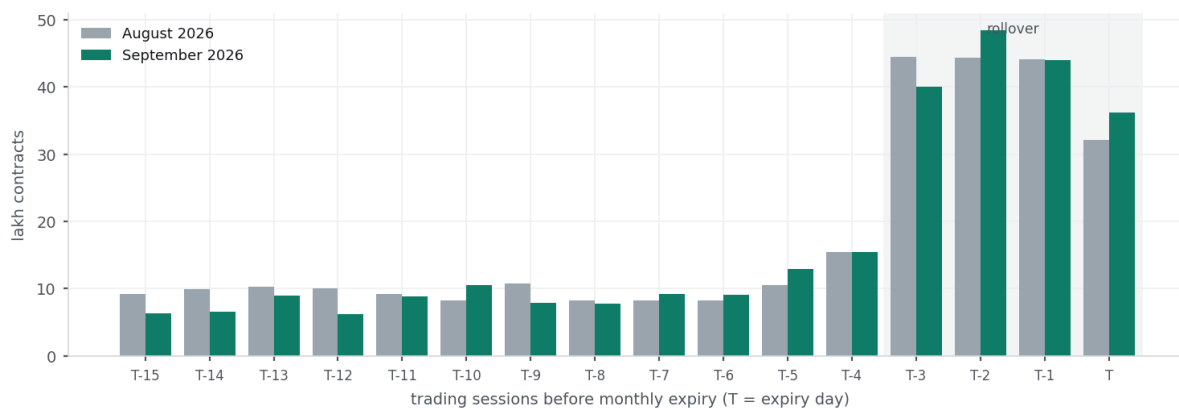
The widening recorded in the first month was real and has substantially retraced. At 0.369% the September ordinary-session figure sits 16.1% below the matched August window, though still above the 0.279% recorded in July before the auction existed. Two independent measures now point the same way: the auction moves the close 16.9% less than it did, and futures and cash agree 16.0% more closely. Neither measure was derived from the other.

What replaced the general dislocation is a specific one. The three September sessions that carried index-rebalancing flow recorded a basis dispersion of 1.056%, roughly three times the ordinary-session figure, with the FTSE session and the one that followed it both above 1.1%. The strain has moved from the everyday tape to the event.

FOUR · THE EXPIRY CYCLE

Where the month is traded

Aggregate activity was flat. Its distribution across the month was not.



Single-stock futures contracts by distance from monthly expiry, August and September 2026. T is expiry day. Source: NSE UDIF Common Bhavcopy Final, Vtrender calculation.

Phase of the expiry cycle	August	September	Change
Early cycle, T-15 to T-8	9.48 lakh	7.87 lakh	-17.0%
Mid cycle, T-7 to T-4	10.61 lakh	11.63 lakh	+9.7%
Rollover, T-3 to T-1	44.29 lakh	44.18 lakh	-0.3%
Expiry day	32.09 lakh	36.13 lakh	+12.6%
All sessions	15.62 lakh	15.50 lakh	-0.7%

Average single-stock futures contracts per session, all listed expiries aggregated. August covers 21 sessions, September 20.

Total participation was unchanged at the monthly level, moving -0.7%. Within the cycle it moved considerably. The eight sessions furthest from expiry lost a sixth of their activity while expiry day itself gained an eighth. Concentration rose accordingly: the three sessions to expiry carried 54.4% of September against 50.3% of August, and the five sessions to expiry 63.5% against 58.2%.

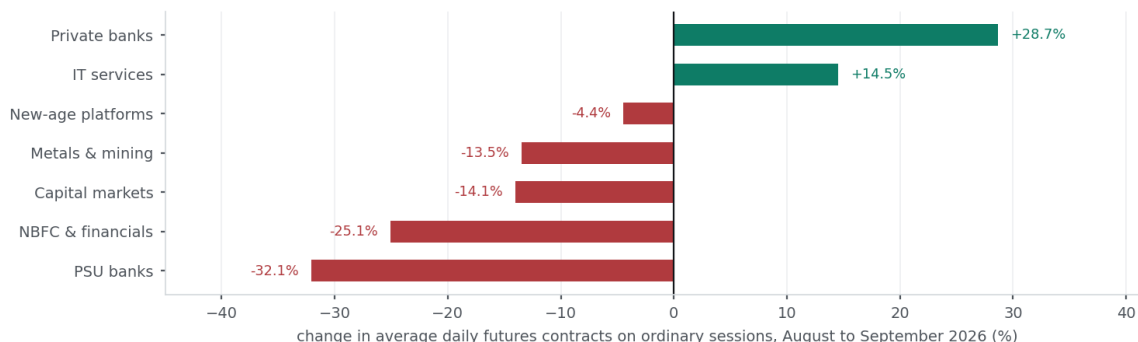
What this means for a daily average

In September the heaviest session ran at 48.46 lakh contracts and the quietest at 6.18 lakh, a ratio of nearly eight to one. A monthly average of 15.50 lakh sits closer to the rollover than to the ordinary session and describes neither well. Across the hundred most active contracts, the median session runs at 58% of the average session. Any figure quoted from this market should say which of the two it is.

FIVE · ROTATION

Where the activity went

Banks and technology absorbed activity. Everything else gave it up.



Change in average daily single-stock futures contracts by sector group, ordinary sessions only, August to September 2026. Sector groups are constructed by Vtrender from the named constituents and are not exchange classifications.

Sector group	Names	Aug contracts/day	Sep contracts/day	All sessions	Ordinary sessions
Private banks	10	168,569	198,492	+17.8%	+28.7%
IT services	12	132,533	141,287	+6.6%	+14.5%
New-age platforms	6	51,939	60,092	+15.7%	-4.4%
Metals & mining	10	94,742	81,737	-13.7%	-13.5%
Capital markets	5	53,956	49,672	-7.9%	-14.1%
NBFC & financials	14	120,220	108,574	-9.7%	-25.1%
PSU banks	6	55,935	49,825	-10.9%	-32.1%

Ordinary sessions exclude the four rollover sessions in each month, which is where the two columns diverge. A group whose all-session figure is stronger than its ordinary-session figure did its trading in the rollover window.

Private banks and IT services were the only groups to add activity on ordinary sessions, and both added materially. Public-sector banks and the non-bank financial group gave up between a quarter and a third. The new-age platform names show the widest gap between the two columns, gaining on an all-session basis while losing on ordinary sessions, which places their September activity squarely in the rollover window.

Membership of the hundred most active contracts

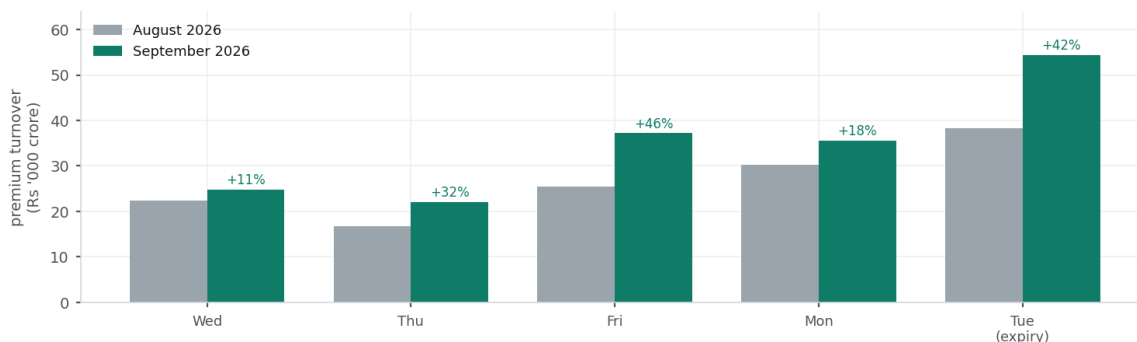
89 of the hundred names appear in both months. 11 entered and 11 left. Entrants: APLAPOLLO, ATHERENERG, BAJAJ-AUTO, BANDHANBNK, BLUESTARCO, GODREJPROP, LTF, POLICYBZR, POLYCAB, SOLARINDS, YESBANK. Departures: AMBER, CROMPTON, GLENMARK, GODREJCP, HINDZINC, JUBLFOOD, NATIONALUM, PNB, POWERINDIA, SAIL, SIEMENS.

The boundary is narrow. Rank 100 and rank 110 differ by 12% in average daily contracts, so movement across the line near the bottom of the list reflects small absolute changes and should not be read as a sharp distinction.

SIX • INDEX REFERENCE

The NIFTY weekly cycle

Index options broadened across the week while single-stock futures concentrated into expiry.



NIFTY weekly option premium turnover by session in the cycle, averaged across the complete weekly series in each month. Percentages are the September change. Source: NSE.

Session	Aug crore contracts	Sep	Change	Aug premium Rs cr	Sep premium Rs cr	Change
Wednesday	4.45	4.81	+8%	22,330	24,847	+11%
Thursday	3.94	5.25	+33%	16,680	22,065	+32%
Friday	6.29	9.43	+50%	25,490	37,225	+46%
Monday	10.62	11.83	+11%	30,250	35,592	+18%
Tuesday	24.26	28.97	+19%	38,250	54,418	+42%
Cycle total				133,000	174,147	+31%

NIFTY weekly option series, averaged across the complete cycles in each month. NSE defines option value as premium turnover. The September Monday figure averages three cycles rather than four, since 14 September was a market holiday.

Every session of the weekly cycle carried more premium in September than in August, and the cycle total rose 31%. Tuesday expiry premium rose 42% to Rs 54,418 crore. This is the opposite pattern to single-stock futures, where the early cycle drained and the gain sat on expiry day.

The two markets are not economically comparable and the figures are placed together only because they describe the same closing mechanism. Index option premium is the largest pool of risk transfer in the market. The single-stock futures book is where directional single-name exposure is carried. Both are now marked, valued and settled at a price the auction discovers.

METHOD AND TERMS

Method, sources and attribution

Turnover

Measure	August 2026	September 2026	Change
Cash-market turnover per session	Rs 119,667 cr	Rs 114,274 cr	-4.5%
Equity derivatives turnover per session	Rs 164,192 cr	Rs 169,283 cr	+3.1%
Completed trading sessions	21	20	—

Derivatives turnover is computed from NSE UDIFF files on a consistent basis for both months: notional value for futures, and premium turnover for options derived as transfer value less strike notional. Per-session figures are used because the two months contain different numbers of sessions. The September cash figure is computed from NSE CM UDIFF files; the August cash figure is the exchange-reported monthly total divided by 21 sessions and is therefore drawn from a different source.

Definitions

— Contracts are futures or option contracts traded, with all listed expiries aggregated by underlying. Contract counts are not economic exposure; lot sizes differ by symbol.

— Auction price move is the absolute difference between the final auction price and the reference price, as a percentage of the reference price. The reference price is the volume-weighted average of trading between 3:00 and 3:15 pm and sets the 3% auction band.

— Basis is the futures close less the underlying cash close, as a percentage of the cash close, on near-month contracts trading at least 500 lots. Basis dispersion is the cross-sectional standard deviation of its day-on-day change.

— Ordinary sessions exclude index-rebalancing and single-stock event days for auction measures, and exclude the four rollover sessions for futures measures. Each use is stated where it appears.

— Sector groups are constructed by Vtrender for this report from the constituent single-stock futures named, and are not exchange or index classifications.

Sources

NSE UDIFF Common Bhavcopy Final for the equity derivatives and cash segments, covering 21 August sessions and 20 September sessions. NSE Closing Auction Session archives for daily auction data, covering all sessions in both months. NIFTY weekly option figures from NSE published data. September futures bhavcopy coverage runs from 16 September; the basis measurement is therefore computed on a matched ten-session window in both months rather than the full month.

Scope

This is a market-structure observation. It measures what changed in the mechanics of price formation and participation between August and September 2026. It contains no view on market direction, no price target and no recommendation on any security. Two months is a short series. Where a relationship is described, the description is of what the data shows across those two months, and the report does not assert causation beyond what the mechanics of the closing process directly imply.

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