

November 20, 2017

## Derivatives Strategy – Weekly Expiry Strategy

### Sell Nifty Bank November 23, 25500 Put and 26000 Call

Index & Action	Action	Initiation Range	Target	Stoploss	Time Frame
Bank Nifty 23 Nov 26000 Call	Sell	53-55	10	160	Till Nov 23 Expiry
Bank Nifty 23 Nov 25500 Put	Sell	48-50			

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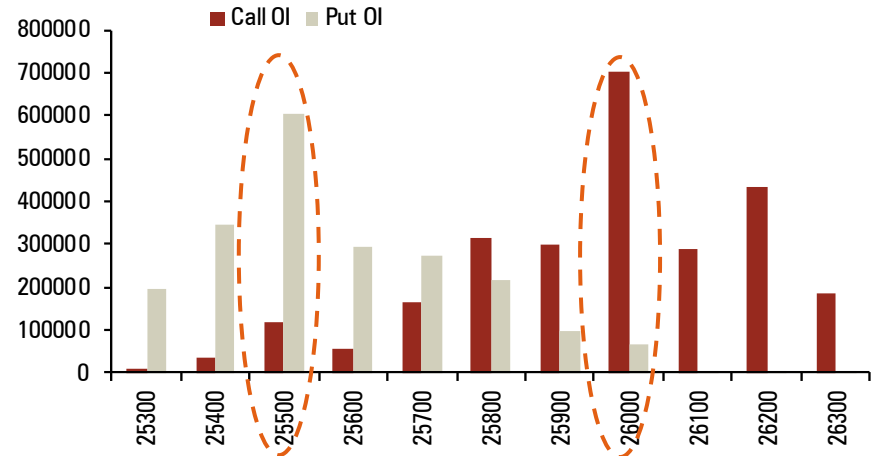
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# Sell Nifty Bank 23 November 25500 Put at ₹ 48-50 and sell 26000 Call at ₹ 53-55. Total premium: ₹ 101-104. Target: ₹ 10. Stop loss: 160. Time frame: Till November 23, 2017

- The rating upgrade has triggered exuberance again into the resilient Nifty Bank index. The surprising move had rattled option players that are active in weekly expiries
- This has opened window of opportunity for time value plays on Nifty Bank. A 1% OTM spread is currently yielding 100 points premium (yield of 0.4% at T-3 days is considerably high)
- Interestingly for the November 23 expiry, the highest Call Put base is also at 25500 Put and 26000 Call strike
- While the positive bias remains for banking index for target of 26000, it is likely to consolidate before the up move. Hence, we recommend Nifty Bank theta strategy on delta neutral basis and expect to gain from sharp surge in Vega/Theta ratio (VTR) as three trading days are left for November 23 expiry

## Bank Nifty Options concentration for 23 November expiry

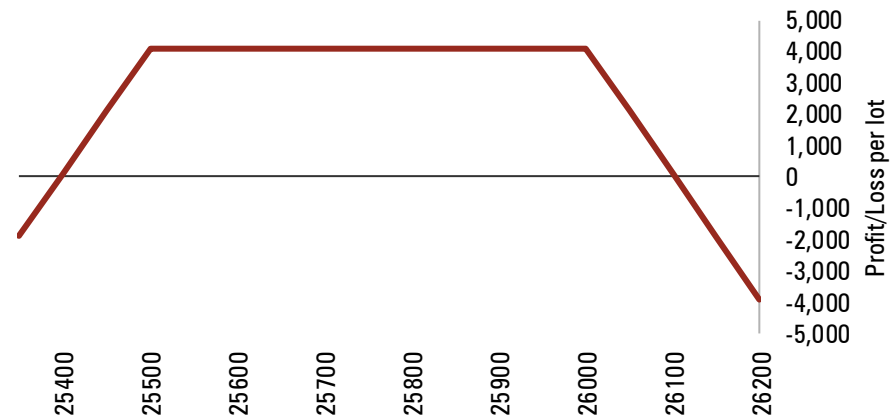


## Strategy Greeks

Options Greeks / Strikes	25500 Put	26000 Call	Strategy
Delta	0.23	-0.23	0
IV	12.10	14.70	
Gamma	0.21	0.24	

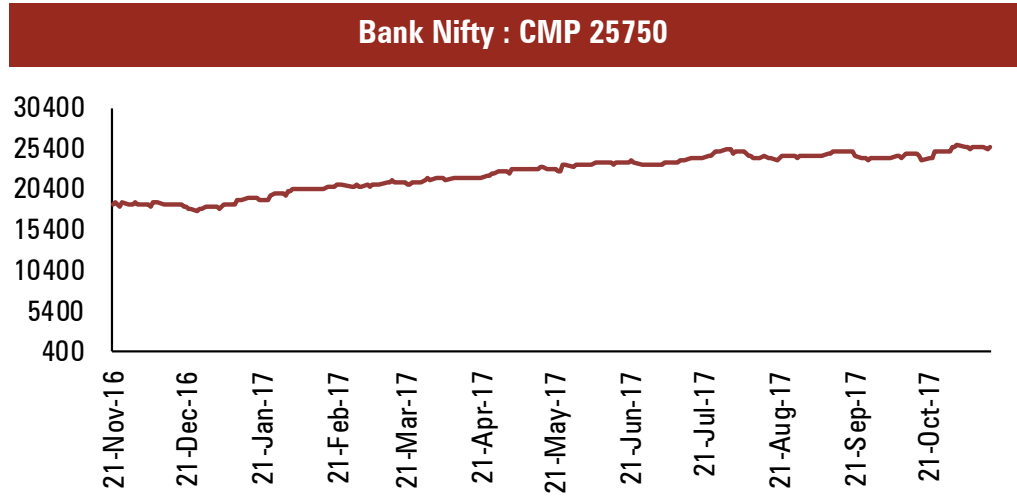
- Note: Recommendation was initiated on iclick-2-gain on November 20, 2017

## Strategy payoff: Sell November 23, (25500 Put & 26000 Call)



Source: Bloomberg, ICICIDirect.com Research

# Price Performance in trailing 12 months...





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