

July 2, 2018

Quant Pick – Asian Paints

Quant Pick

Stock	Action	Initiation Range	Target	Stop loss	Time Frame
Asian Paints	Buy	1265-1280	1470	1160	3 months

Research Analyst

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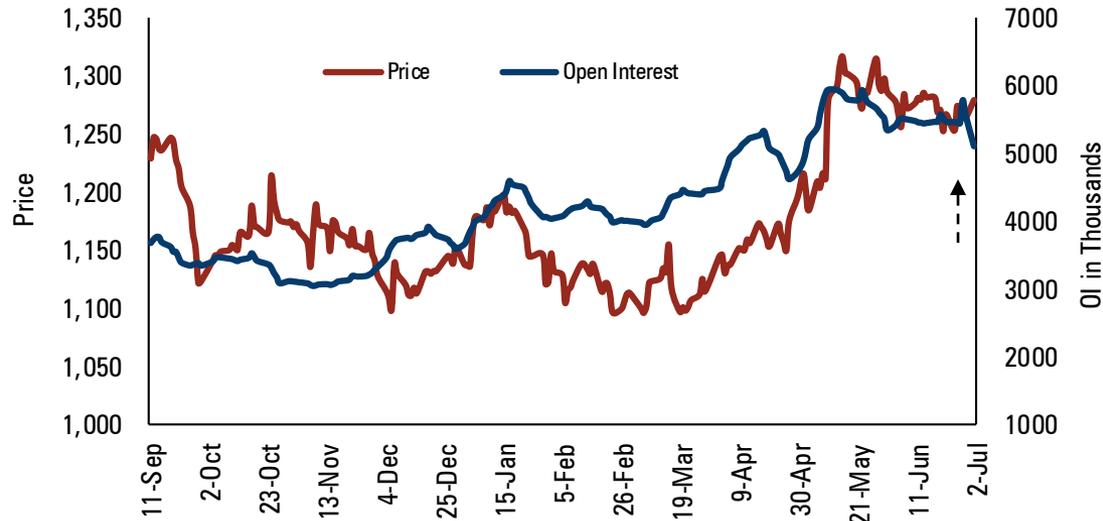
**Buy Asian Paints in the range of ₹ 1265-1280; Target: ₹ 1470; Stop loss: ₹ 1160;
Time frame: Three months**

Snapshot

Spot Price	1278.00
Beta	0.94
3M Avg Price (₹)	1256
3M Avg Volume (Shares)	875239
3M Avg Roll (%)	77.27%
HV 60 Day (% Annualised)	20.25

Price vs. open interest pattern

Long positions intact in current volatility



Derivatives and Quantitative Outlook

- The consumer discretionary space, especially stocks from the paint space, have shown significant resilience in the recent market turmoil. Despite a weakening currency and increasing crude prices, the resilience of the stocks suggests a better up move in the coming quarters. Asian Paint is respecting its May 2018 breakout of ₹ 1250 despite significant weakness in the broader markets. We believe the current outperformance may continue in the stock
- The open interest in the stock was at a one-year high in the May series. It added almost 50% open interest as it finally surpassed ₹ 1250 level. Despite ongoing market volatility, the stock has remained above these levels while only marginal closure was seen in these long positions. With better than average rollover in the stock, we believe flight to safety has kept positions in the quality stock, which will keep downsides in check
- The stock was able to test life-time high levels with 18 month high delivery volume on May 10, 2018. At the same time, delivery percentage in the stock has increased significantly since the June series. Average delivery was seen near 50% since then indicating ongoing accumulation at lower levels. As the stock is trading near support of ₹ 1250 levels, current levels can be utilised to accumulate the stock
- Near the money Call strikes of 1260 and 1280 in Asian Paints have started to witness closure while fresh addition is clearly visible at the 1260 Put strike, which has become the highest Put base for the July series
- The recent outperformance of the stock has pushed it towards mean+2*sigma levels. Historically, we have observed a sharp directional up move after breaching mean+2*sigma levels. Currently mean+2*sigma for the stock is placed near ₹ 1300 levels, which is also the highest Call base. Surpassing these levels is likely to provide further momentum in the coming sessions
- **Note:** Call initiated on iclick-2-gain on July 2, 2018

Quant Pick: Open recommendations

Date	Scrip	Action	Buy Price	Target	SL	CMP	%Ret	Time Frame
30-May-18	United Spirits	Buy	3370-3390	790	613	643	-4.9%	3 months
25-Jun-18	Ambuja Cement	Buy	204-208	243	735	200	-3.7%	3 months
25-Jun-18	Asian Paints	Buy	1265-1280	1470	1160	1280	0.1%	3 months

Yearly Quant Picks

14-Dec-17	Havells	Buy	525-539	655	470	535	0.9%	12 months
14-Dec-17	Arvind	Buy	428-439	545	375	390	-10.0%	12 months

Note: Stop loss should be considered on closing basis



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