

October 12, 2018

### Other Product offerings

#### Derivatives Strategy

Underlying	Action
JSW Steel	Sell
Bank Nifty	Buy
Tata Steel	Range
Duration : 1-2 months	

#### Quant (Derivatives) Pick

Underlying	Action
Ashok Leyland	Buy
Duration : 1-3 months	



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## Quant Pick – Ashok Leyland

### Quant Pick

Stock	Action	Initiation Range	Target	Stop loss	Time Frame
Ashok Leyland	Buy	113-117	137	102	3 months

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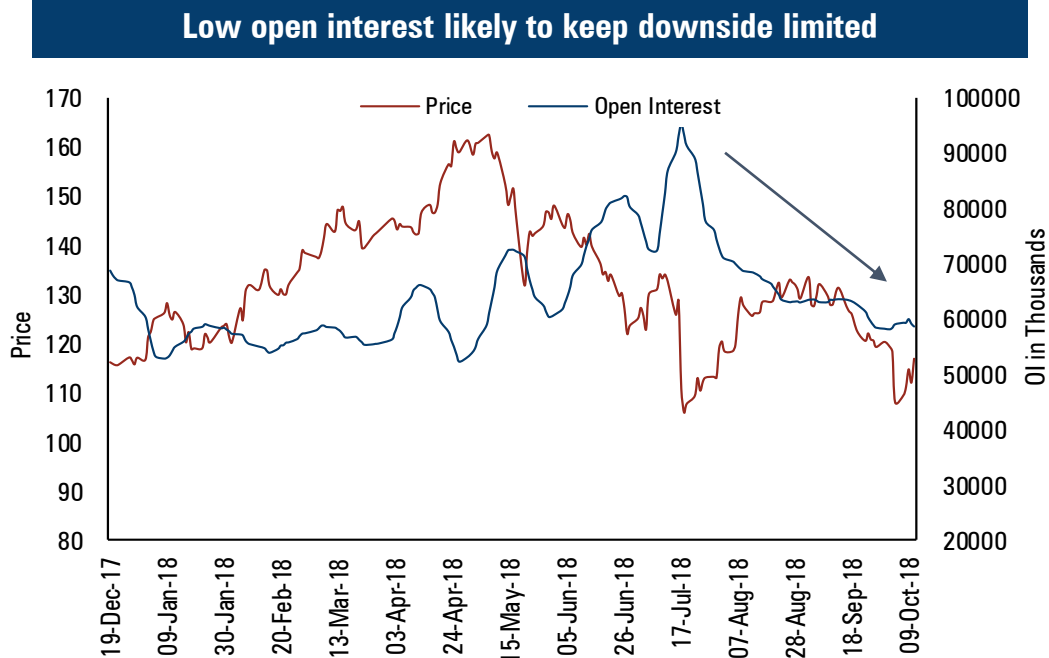
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**Buy Ashok Leyland in the range of ₹ 113-117, Target: ₹ 137,  
Stop Loss: ₹ 102; Time frame: Three months**

**Snapshot**

Spot Price	116.00
Beta	1.01
3M Avg Price (₹)	123
3M Avg Volume (Shares)	21232399
3M Avg Roll (%)	90.05%
HV 60 Day (% Annualised)	49.81

**Price vs.  
open interest  
pattern**



Source: NSE, Seeditf, ICICI Direct Research

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- In the recent market sell-off, a significant correction was seen among FMCG, auto and financial heavyweights. NSE Auto index, which made its peak in December 2017, witnessed a sharp fall in the last couple of weeks. It declined more than 20% since September itself. However, we are expecting some decline in volatility for the broader markets, which may result in a stock specific sharp up move in coming sessions. Ashok Leyland (ALL) is one such stock, which, we believe, is likely to witness fresh buying in days to come
- ALL registered its high in May and declined sharply from ₹ 165 to ₹ 105 amid fresh short additions. The stock has retested these lows. However, the leverage remained low while fresh shorts were not seen in the stock. Current open interest in the stock is almost 35% lower than the open interest seen in July
- With the decline in the stock, significant Call writing was seen at ATM and OTM strikes with 120 strike being the highest Call base. However, an uptick in the stock has resulted in significant closure in these positions, which indicates expected covering in the stock
- Almost three year high volume based action was seen in the stock in July near ₹ 102. Despite the recent weakness, it was able to hold these levels indicating value area. Thus, positive bias in the stock should be maintained till it holds above ₹ 102
- ALL has been respecting its long term mean levels since the current uptrend started in 2013. It has not spent much time below its mean and exhibited a strong recovery. Currently, the long term mean for the stock is placed at ₹ 110 levels. As it is rebounding after breaching these levels, we expect the current recovery to sustain

**Note:** Call has been initiated on iClick2Gain on October 12, 2018

Date	Scrip	Action	Buy Price	Target	SL	CMP	%Ret	Time Frame
12-Oct-18	Ashok Leyland	Buy	113-117	137	102	117	0.4%	3 months

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# Derivatives Strategies: Open recommendations...

Date	Scrip	Action	Recommendation
9-Oct-18	JSW Steel	Sell	<b>Positional Option</b> : Short JSW Steel October 400 Call at 5.00-5.50; Target: 0.05; Stoploss: 10.50; Time Frame: Till October Expiry
10-Oct-18	Bank Nifty	Buy	<b>Positional Option</b> : Sell Bank Nifty 17 Oct 24600 Put at 83-88. Target 5. SL 160. (Time frame : till Oct 17 Expiry)
10-Oct-18	Tata Steel	Sell	<b>Long/Short Strategy</b> : Sell Tata Steel Oct 540 Put at 10-11 & Sell Tata Steel Oct 620 Call at 3.8-4.5. Total Inflow : 14. Target 1.SL 25.

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*Source: Bloomberg, ICICI Direct Research*

## ANALYST CERTIFICATION

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*Source: Bloomberg, ICICI Direct Research*

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