

## Derivatives Strategy – Alpha Trade

### Long Bharti Airtel and short Nifty

Underlying	Action	Initiation Range	Current Price Ratio	Target	Stoploss	Time Frame
Bharti January Fut	Buy	339-341	32.05	28.90	33.60	January Expiry
Nifty January Fut	Sell	10940-10950				

#### Research Analysts

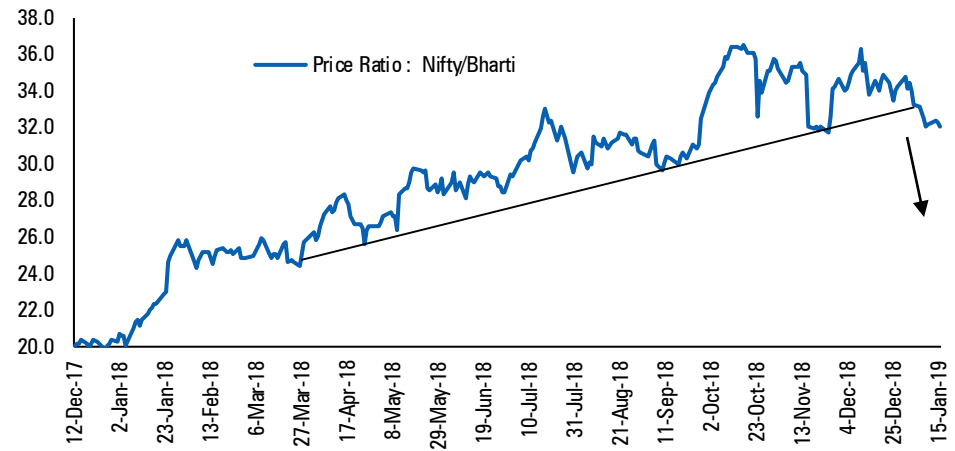
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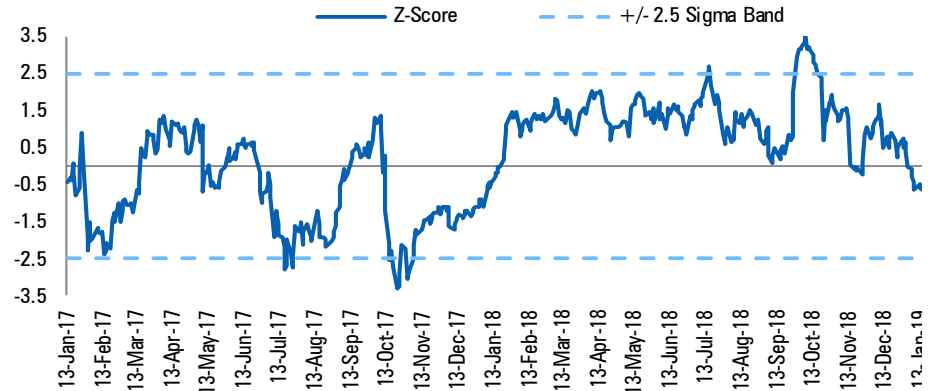
# Alpha Trade: Long Bharti Airtel January Future at ₹ 339-341 and short Nifty January Future at 10940-10950; Current Price Ratio (Nifty/Bharti): 32.05; Target: ₹ 28.90. Stop loss: ₹ 33.60. Till January expiry

- After seeing continuous selling pressure for the last many series, the open interest in Bharti Airtel has declined in the recent period. This indicates towards closure by positional short traders, which can create a good base formation for the stock. Also, further short covering may lead to outperformance of the stock vis-à-vis the Nifty
- Bharti Airtel has started outperforming the Nifty after making lows in October. The stock has experienced closure of more than 35% open interest since October suggesting ongoing short covering
- From the options space, the stock has already moved above the major Call base of 330 strike where significant writing was observed in the last couple of months. This may lead to further short covering
- The price ratio of Nifty/Bharti has moved below the uptrending line prevailing since March 2018. We believe the outperformance of the stock may continue in the near term
- The Z-Score of price ratio has come below the mean levels first time in more than a year. In such a scenario, further divergence from the mean can be expected. There is enough room for it to move towards mean-2 sigma levels in the near term. **Note: Recommendation released on iclick-2-gain on January 16, 2019**

### Nifty/Bharti Price Ratio

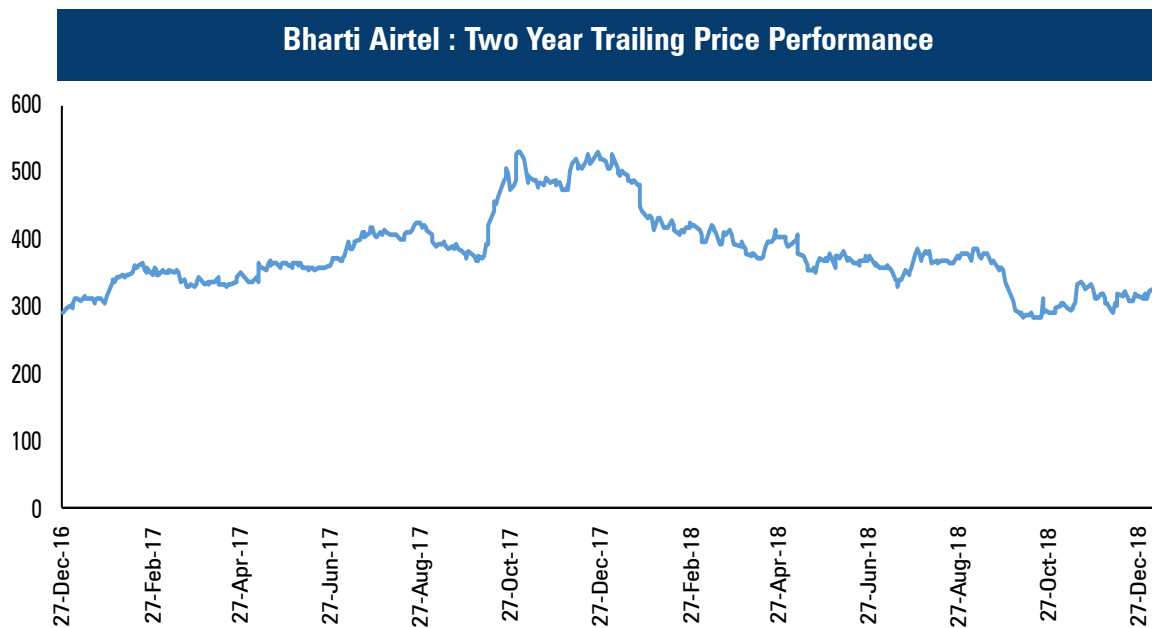


### Z Score: Nifty/Bharti Price Ratio



Source: Bloomberg, ICICI Direct Research

# Two Year Trailing Price Performance





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