September 19, 2018

Derivatives Strategy – Positional Option

Sell Bank Nifty September 27 26700 Call at ₹ 68-73…

Index & Strike	Action	Initiation Range	Target	Stop loss	Time Frame
Bank Nifty 27 Sep 26700 Call	Sell	68-73	5	130	Till 27 Sept expiry

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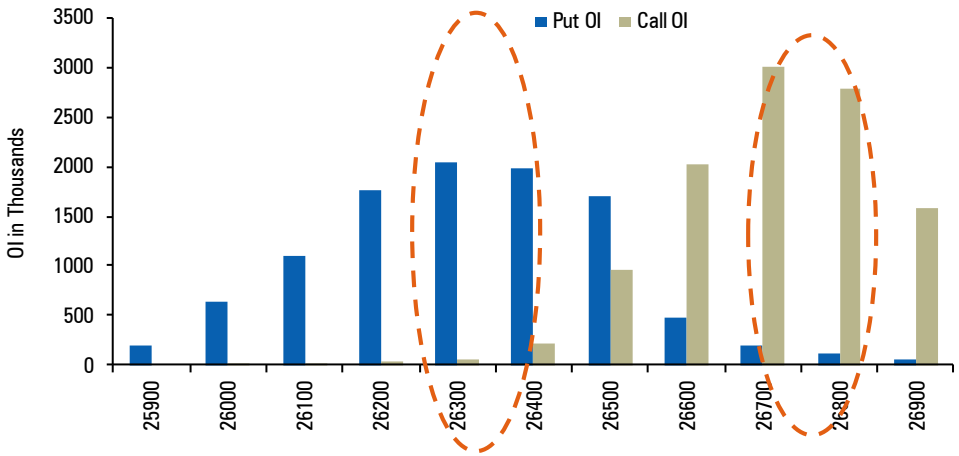
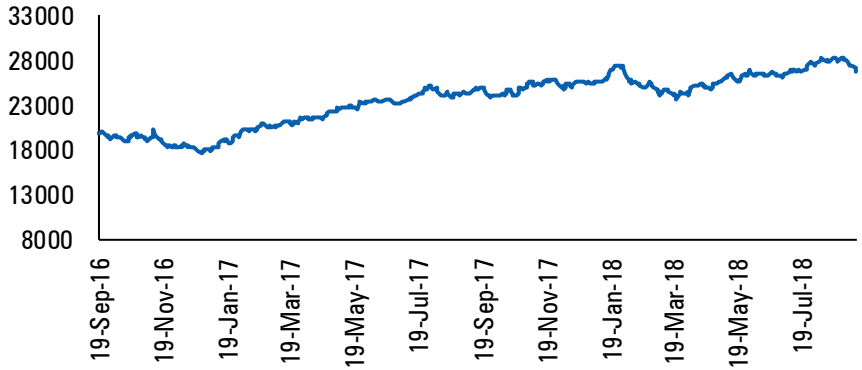
Bank Nifty Positional Option: Sell Bank Nifty September 27 26700 Call at ₹ 68-73. Target ₹ 5. Stop Loss: ₹ 130. Time frame: Till September expiry

- Weakness in banking heavyweights continues to diffuse the Nifty recovery hopes. The banking index has remained under pressure. Since the start of the September series as G-sec prices and rupee have fallen, banking stocks are in underperformance mode
- Bank Nifty/Nifty Price ratio in the September series has declined from 2.40 to 2.33 (over 3% decline), suggesting underperformance by the Bank Nifty. Going ahead, the 2.4 level will now be the key resistance for the September series
- A look at the September 27 options expiry, suggests stuck short positions in the 26200 to 26500 Put strikes. Hence, a recovery towards this level is likely to attract closure in these shorts, keeping the banking index recovery frail. At the same time, Call writers are making inroads into 26700 Call & 26800

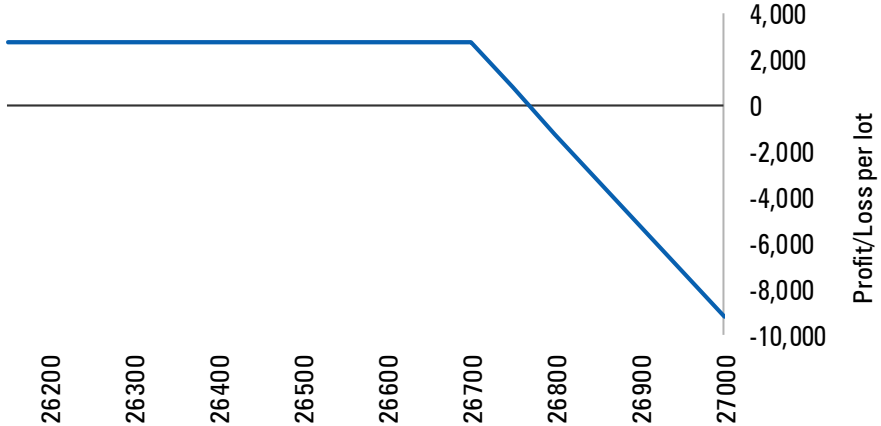
Options build up



Price performance in trailing 24 months



Strategy payoff



Note: 1. Recommendation initiated on iclick-2-gain : 19 Sep, 2018

2. Recommendation issued is positional recommendation

Source: Bloomberg, ICICI Direct Research

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