

October 16, 2020

Other Product offerings

Derivatives Strategy

Underlying	Action
Pidilite Industries	Buy

Duration : 1-2 months

Quant (Derivatives) Pick

Underlying	Action
Bata India	Buy
Bharti Airtel	Buy

Duration : 1-3 months



For Instant stock ideas:
[SUBSCRIBE](#) to mobile notification
 on ICICIdirect Mobile app...

Derivatives View

[Daily view](#)

[Weekly view](#)

Stock recommendations in report

Action	Scrip	Target 1	Target 2	Stoploss	Time frame
Buy MAHGAS OCT Fut at ₹ 818.00-820.00	MGL	834.0	856.5	804.0	Intraday
Sell BAJFI OCT Fut at ₹ 3196.00-3200.00	Bajaj Finance	3162.0	3108.0	3234.0	Intraday
Buy MARIND OCT Fut at ₹ 364.00-367.00	Marico	390.0	-	349.0	Weekly
Buy LARTOU OCT Fut at ₹ 910.00-916.00	Larsen & Toubro	970.0	-	880.0	2-3 Weeks

Research Analysts

Raj Deepak Singh

rajdeepak.singh@icicisecurities.com

Nandish Patel

nandish.patel@icicisecurities.com

Dipesh Dedhia

dipesh.dedhia@icicisecurities.com

Intraday Outlook: Sell Bank Nifty in the range of 23300-23350

Index Outlook

Nifty Future

- ❖ The Nifty is expected to trade between 11500 and 12000 amid high volatility. Sell Nifty 12000 Call (October 22 expiry) in the range of ₹ 32-34 Target: ₹ 18-10 Stop loss : ₹ 48

Bank Nifty Future

- ❖ The Bank Nifty opened higher and swiftly succumbed to a bout of selling following profit taking after the last session's rally was seen in private and PSU banks. IVs rose along with significant OI addition in 24000 and 24500 strike Call indicating limited upside this week. However, on the downside, 23000 Put strike has significant OI that should act as support. Sell Bank Nifty in the range of 23300-23350, Target: 23100-23000, Stop loss: 23500

F&O Highlights

- ❖ The Nifty saw a pause in its upward move and snapped its 10 day winning streak on the back of negative global cues. Profit booking was seen in most heavyweight stocks. On the options front, aggressive writing was seen in 12000 Call strike. On the other hand, 11600 has significant OI. This indicates the index may consolidate between these levels with a negative bias

Stock Analysis

Long build-up/short covering: Petronet, Mahanagar Gas, Cummins India, Asian Paints and Tata Power

Short build-up/profit booking: Bandhan Bank, Bajaj Finance, Tech Mahindra, IndusInd Bank, SBI, TCS and RIL

FII & DII Action

- ❖ FIIs sold ₹ 604 crore while DIIs sold ₹ 808 crore in the cash segment. FIIs sold index futures worth ₹ 107 crore while in index options they bought ₹ 1325 crore. In the stock futures segment, they bought ₹ 222 crore

Intraday Recommendations

i) Mahanagar Gas		ii) Bajaj Finance	
Buy MAHGAS OCT Fut at ₹ 818.00-820.00		Sell BAJFI OCT Fut at ₹ 3196.00-3200.00	
CMP: 818		CMP: 3198	
Target 1: 834	Target 2: 856.5	Target 1: 3162	Target 2: 3108
Stop Loss: 804		Stop Loss: 3234	

Note:

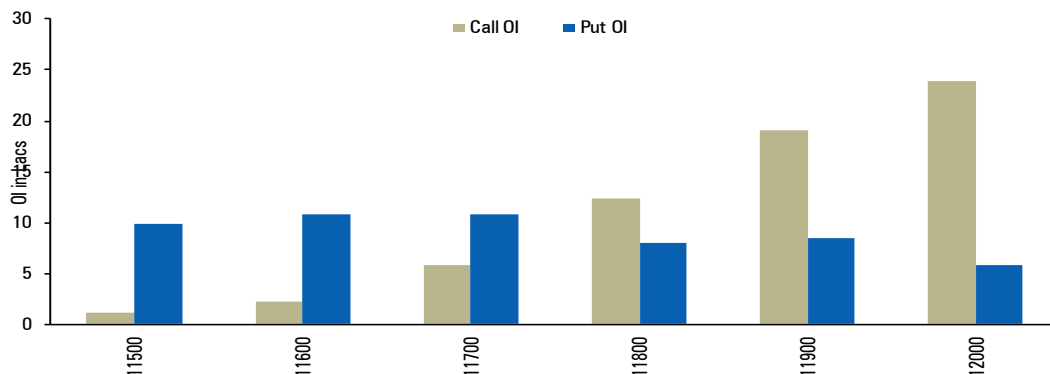
Note: Call initiation message will be broadcast on iclick-2-gain, if it is not initiated in opening session, then we might initiate with revise levels on iclick-2-gain.

Highlights of the last session & Pivot Levels

	Spot	Fut	Basis	Future OI	PCR OI	PCR Vol	ATM IV
Current	11680	11686	6	13234575	1.33	1.14	22.05
Previous	11971	11982	11	13103325	1.54	1.01	20.21
Change (%)	-2.43%	-2.47%	-	1.00%	-	-	8.34%
	S3	S2	S1	Piv	R1	R2	R3
Nifty future	11107	11443	11559	11779	11895	12115	12451
Bank Nifty future	21103	22247	22641	23391	23785	24535	25679

Nifty futures ended at a premium of 6 points while IV rose 8.5%

Weekly Nifty Options OI build-up



The major Put base is at 11600 strike with almost 10 lakh shares while the major Call base is at the 12000 strike with almost 24 lakh shares

Strategy follow up

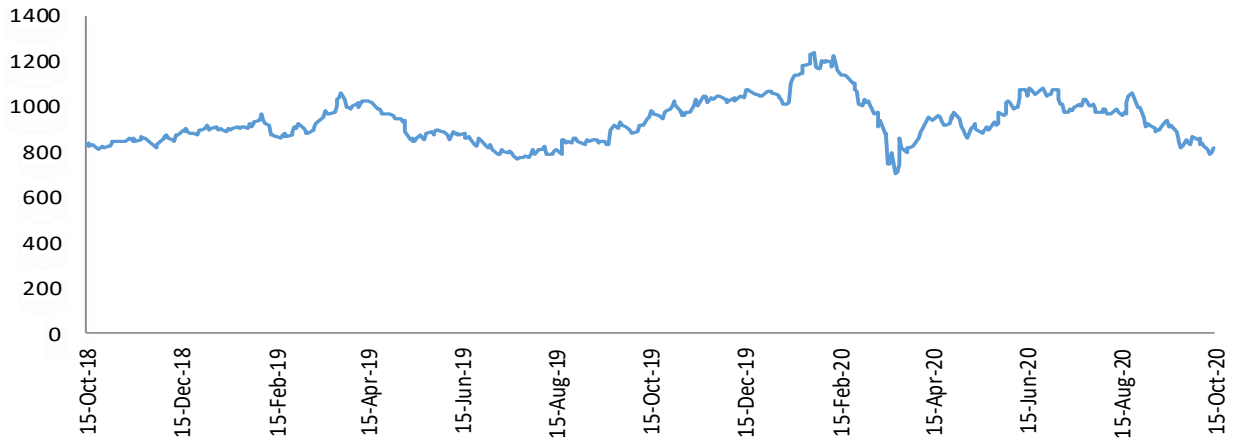
Date	Stock	View	Strategy	Reco	Target	SL	P&L	Comment
15-Oct-20	AXIBAN	Buy	Long Fut	474.0	481.5	466.5	9000	Tgt achieved
15-Oct-20	PETLNG	Sell	Short Fut	210.5	207.5	213.5	-	Not initiated

Note: Index calls may be changed, if view differs during market hours and positional recommendations given in Derivatives Strategy should not be linked to intraday index calls.

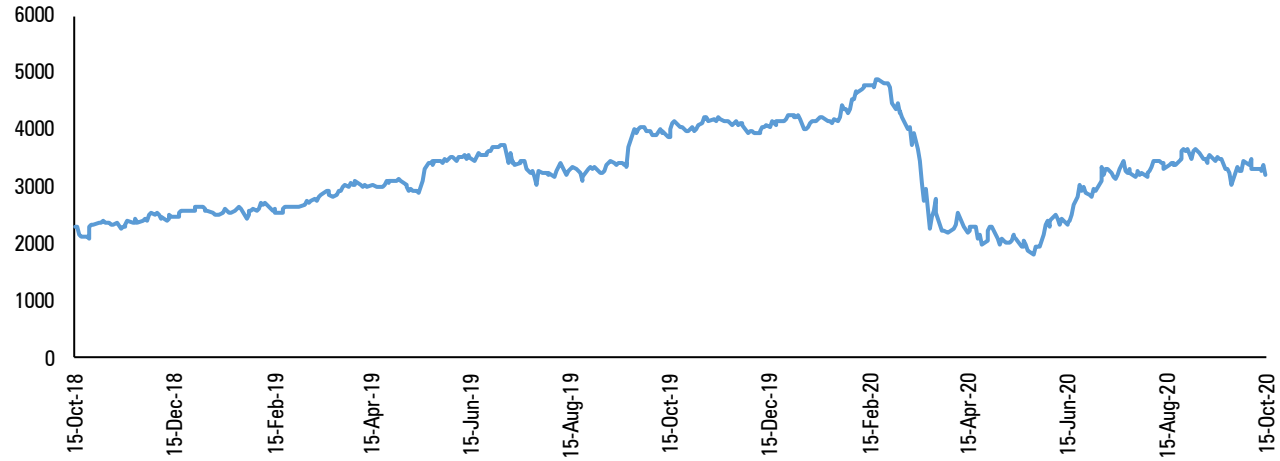
[Back](#)

Source: NSE, Seediiff, Bloomberg *ICICI Direct Research*

MGL



Bajaj Finance

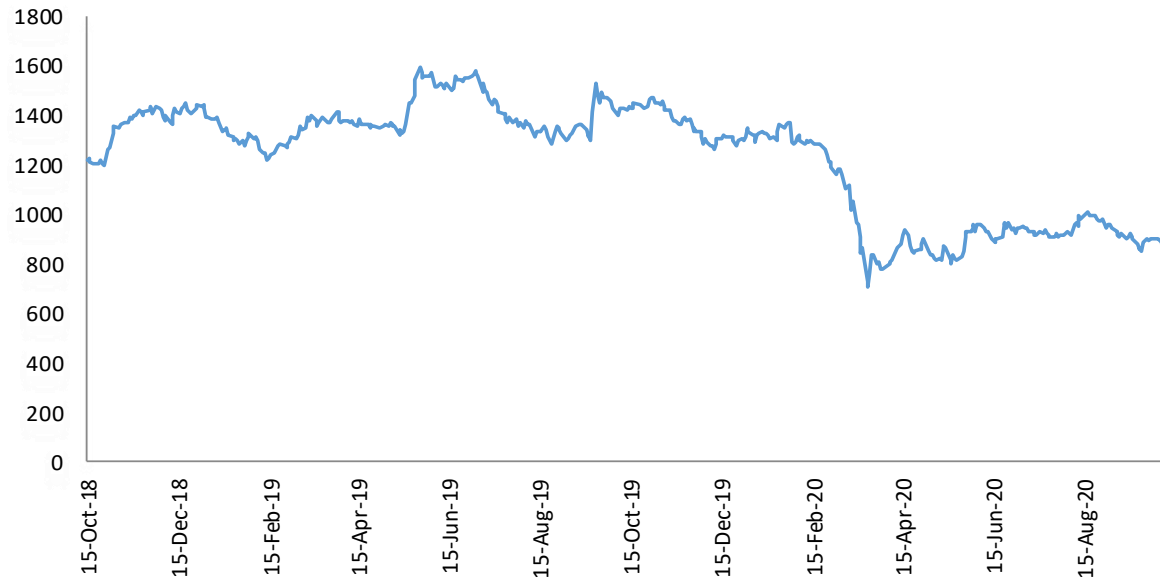


Source: NSE, Seediff, Blo
October 16, 2020

Positional Recommendation

Date	Stock	View	Initiation Range	Target	Stoploss	Time Frame	Expiry
14-Oct-20	Larsen & Toubro	Buy	₹ 910.00-916.00	₹ 970	₹ 880	2-3 weeks	October

Larsen & Toubro



Recommendation follow up

Date	Stock	View	Initiation Range	Target	Stoploss	Profit/ Loss	Comment
5-Oct-20	Glenmark Pharma	Buy	₹ 495.00-497.00	₹ 516	₹ 484	23000	Profit booked

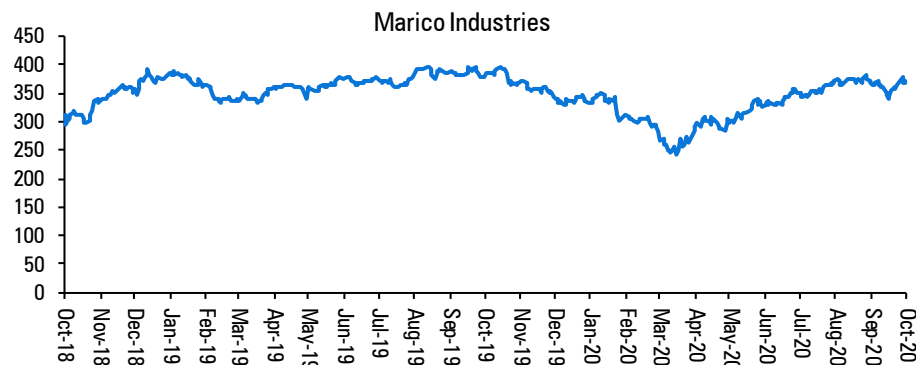
Weekly future recommendation:

Long Marico (MARIND) October future in the range of ₹ 364-367. Target: ₹ 390; Stop Loss: ₹ 349

Rationale

In the FMCG space, Marico reverted sharply in the current leg of the Nifty compared to other stocks. In the past few months, open interest in the stock has been declining. However, as the new series started, marginal pick-up in OI was seen. Delivery based volume was seen in the stock near ₹ 350, ₹ 360 levels indicating major support. Due to lower IV, option premiums are cheaper, which has attracted OTM Call buying. We feel the stock is well placed to move around ₹ 400 in coming days.

Price performance



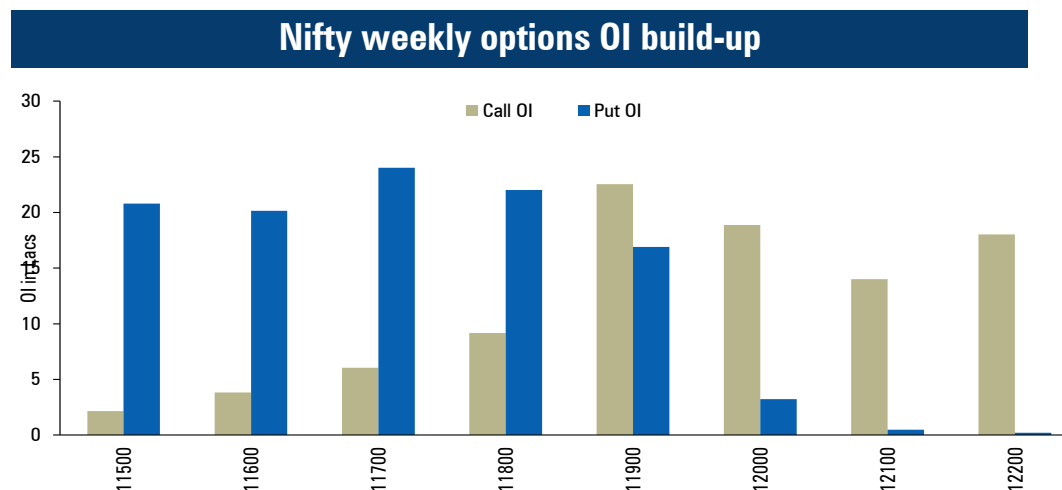
Recommendation follow up

Underlying	View	Strategy	Reco	Target	Stoploss	Profit/Loss	Comment
Aurobindo Pharma	Bullish	Buy Future	814	865	789	31200	Profit Booked

Source: Bloomberg, ICICI Direct Research

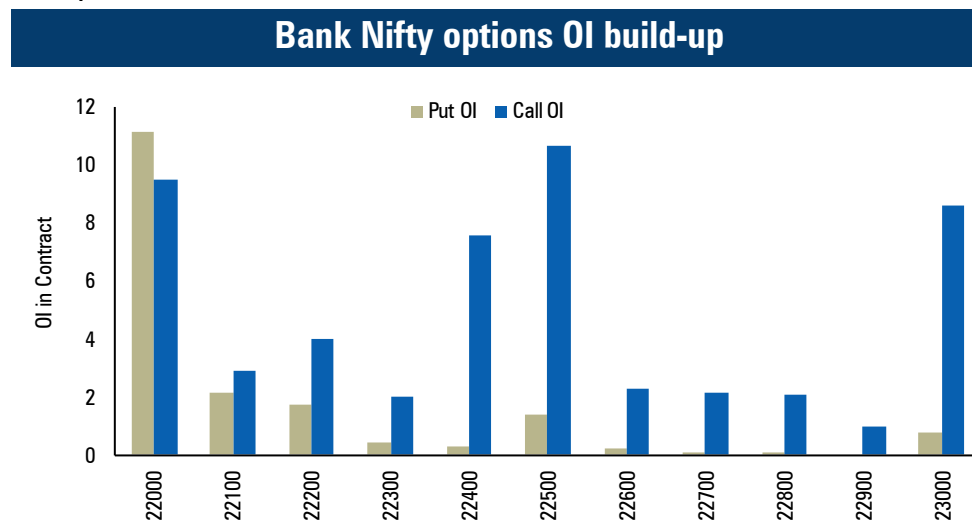
Nifty has immediate support near 11600-11700 in current uptrend...

- The Nifty witnessed a remarkable pullback on the back of continuous FII buying and positive global cues. FIIs bought near ₹ 3500 crore during the week. However, in the last one month, FIIs had sold near ~₹ 2500 crore. It shows the change in stance on part of FIIs, which should be supportive for broader markets in the coming weeks
- Sectorally, buying was seen in technology, cement and pharma space. Better-than-expected results from technology heavyweights helped IT stocks to move towards new highs while short covering was seen in most banking & financial stocks towards the end as the banking index moved closer to its highest Call base of 24000 strike
- The Nifty rallied more than 1,000 points in the last two weeks with the addition of 50% open interest in the current series. It is evident that aggressive long position had formed. We expect the ongoing positive momentum to continue in the banking index with declines remaining a buying opportunity
- On the weekly option front, continued option writing was seen at ATM & ITM Put strikes. We believe downsides are limited in the index. Currently, 11500 Put bas has shifted to 11700, which should remain an immediate support. At the same time, volatility has moved below 19 levels after testing 23 in the penultimate week. We believe that positive bias may continue in the broader markets till volatility does not move above 22 levels



Source: Bloomberg, ICICI Direct Research
October 16, 2020

- In the current leg of the Nifty, the Bank Nifty performed at par and saw a sharp reversal from bottom. HDFC Bank outperformed along with supportive move from other banks as well. Despite the sharp up move, IVs continued to rise for the week as major indices deviated from their recent range and have been moving higher
- Post the monetary policy outcome, the Bank Nifty managed to move towards 24000 levels along with closure in open interest indicating short covering. We feel a close above 24000 levels would open the gates for higher targets whereas looking at the Put OI data, we feel support for the index should be placed near 23500 levels
- Looking at the OI trend in most private banks, we feel the Bank Nifty has the potential to move towards its sizeable Call base of 24500 with stocks from private banks likely to do well
- The current price ratio spread of Bank Nifty/Nifty has moved towards the level of 2 as a marginal bounce was seen from the recent bottom. We feel outperformance in banking stock should be seen once again as it has moved above 23500. Hence, overall bias for banking stocks remains positive



Source: Bloomberg, ICICI Direct Research

FII turn negative amid global weakness...

- The Nifty continued its positive bias and took out its September highs with a sharp rebound seen among index heavyweights. Positive global cues and better-than-expected results from the technology space helped the Nifty to outperform other global indices. However, midcap and small cap indices remained largely range bound and did not participate much. Globally, with the approaching elections, volatility is likely to remain high amid talks of another stimulus
- FIIs turned buyers once again on Indian equities last week as the Nifty surpassed 11500 last week. Despite range bound global markets, the Nifty has witnessed continued upsides. They bought almost ₹ 3400 crore in equities. Meanwhile, domestic institutions turned sellers once again and sold close to ₹ 2616 crore in equities last week. Domestic institutions have been net buyers in the recent declines seen since mid September and provided support near 10800. For October, net FII investment in equities has remained positive. They have bought around ₹ 4019 crore in equities while they sold ₹ 4310 crore in the debt markets
- In the F&O space, activities were mixed on the FII front. While they bought worth ₹ 1621 crore in index futures, they sold to the tune of ₹ 1464 crore in the stock futures segment during the week. However, FIIs bought ₹ 2856 crore in index options during the week
- Nymex crude witnessed a sharp up tick on Thursday and surpassed the stated resistance of \$40. Couple of supply side constraints due to hurricane Delta and Gama have hampered oil production in the Middle East. At the same time, Norway may also witness some supply constraints due to the strike of oil workers. Hence, immediate declines seem to be limited till we do not see the situation returning to normal. However, in the medium term, we retain our range bound to negative bias on crude

FII/DII buying in equities (in ₹ crore)					
Date	FII			DII	
	Index Fut	Stock Fut	Index Opt	Cash	Cash
5-Oct	-45.0	-835.0	1090.0	341.0	-572.0
6-Oct	-514.0	-125.0	768.0	1061.0	-935.0
7-Oct	781.0	-267.0	-714.0	1020.0	-1129.0
8-Oct	1399.0	-237.0	1712.0	978.0	20.0

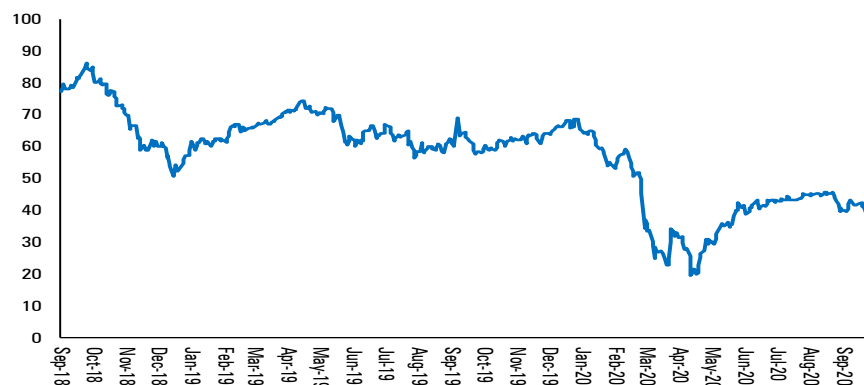
Source: Bloomberg, ICICI Direct Research

Rupee expected to appreciate towards 72.75 level

- US\$INR futures rose gradually in the first half of the week as the dollar index remained steady. However, stronger domestic equities along with a weaker dollar index in the second half of the week capped gains and kept pressure on the pair
- The dollar index was headed for a second consecutive week of losses as investors increased bets Joe Biden would win the US presidency and offer fiscal stimulus after the elections. Rising expectations of a Biden victory have had a calming effect on market volatility around the US election date and boosted the appetite for currencies, which have been hurt by the trade war between Washington and Beijing
- We expect the overall trend in the rupee to be on the appreciation side as broad based dollar weakening is likely to continue in the near term and is expected to keep US\$INR under pressure towards 72.75 level

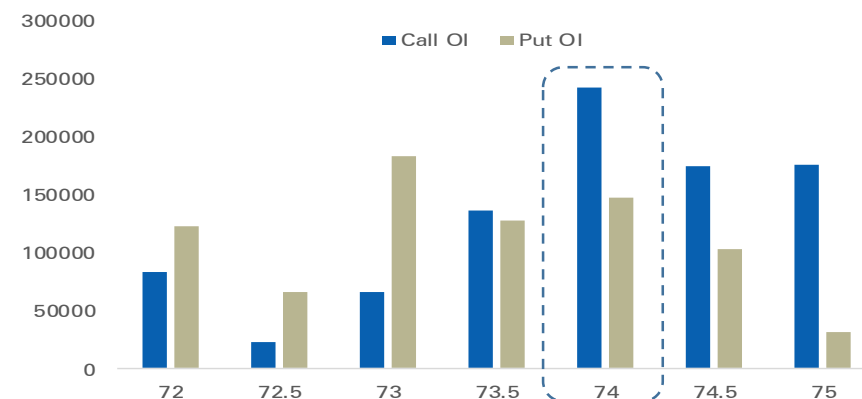
Weekly pivot levels					
Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	72.74	73.00	73.38	73.64	74.03
US\$INR (Nov)	72.94	73.21	73.59	73.85	74.23
EURINR (Oct)	85.49	85.96	86.40	86.87	87.31
EURINR (Nov)	85.78	86.24	86.67	87.12	87.55
GBPINR (Oct)	93.73	94.26	94.98	95.51	96.23
GBPINR (Nov)	94.01	94.53	95.25	95.78	96.50
JPYINR (Oct)	68.69	68.96	69.38	69.65	70.07
JPYINR (Nov)	68.92	69.19	69.59	69.86	70.27

Brent crude



Source: Bloomberg, Reuters, ICICI Direct Research

US\$INR options build-up



Forthcoming Events...

Date & Time (IST)	Country	Data & Events
October 13, 2020		
11:30 AM	UK	Average Earnings Index + Bonus (Aug)
11:30 AM	UK	Claimant Count Change (Sep)
6:00 PM	US	Core CPI (MoM) (Sep)
October 14, 2020		
6:00 PM	US	PPI (MoM) (Sep)
October 15, 2020		
Tentative	UK	Autumn Budget
6:00 PM	US	Initial Jobless Claims
6:00 PM	US	Philadelphia Fed Manufacturing Index (Oct)
8:00 PM	US	Crude Oil Inventories
October 16, 2020		
2:30 PM	Euro Zone	CPI (YoY) (Sep)
6:00 PM	US	Core Retail Sales (MoM) (Sep)
6:00 PM	US	Retail Sales (MoM) (Sep)

Source: Bloomberg, ICICI Direct Research

Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road no.7, MIDC
Andheri (East)
Mumbai – 400 093
research@icicidirect.com



Source: Bloomberg, ICICI Direct Research

We /I, Raj Deepak Singh BE, MBA (Finance), Nandish Patel BCOM, Dipesh Dedhia BCOM, MBA (Finance). Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities Limited is a SEBI registered Research Analyst with SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, June not match with the recommendation in fundamental reports. Investors June visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses June make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document June or June not match or June be contrary with the views, estimates, rating, target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and June not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there June be regulatory, compliance or other reasons that June prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers June receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report June not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This June not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment June vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results June differ materially from those set forth in projections. Forward-looking statements are not predictions and June be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

ICICI Securities June have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein June or June not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document June come are required to inform themselves of and to observe such restriction.