

July 10, 2020

Other Product offerings

Derivatives Strategy

Underlying	Action
LIC Housing Finance	Buy

Duration : 1-2 months

Quant (Derivatives) Pick

Underlying	Action
Hindustan Unilever	Buy
Nestle India	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 the report

Action	I-Direct Code	Target 1	Target 2	Stoploss	Time frame
Buy ACC JUL Fut at ₹ 1329.00-1330.00	ACC	1341.5	1359.5	1317.5	Intraday
Sell COALIN JUL Fut at ₹ 131.00-131.50	COALIN	129.6	127.2	132.9	Intraday
Buy LARTOU JUL Fut at ₹ 944.00-948.00	LARTOU	1020.0	-	910.0	2-3 Weeks

Research Analysts

Amit Gupta

amit.gup@icicisecurities.com

Nandish Patel

nandish.patel@icicisecurities.com

Raj Deepak Singh

rajdeepak.singh@icicisecurities.com

Dipesh Dedhia

dipesh.dedhia@icicisecurities.com

Index Outlook

Nifty Future

- ❖ The Nifty is expected to trade between 10600 and 11000 amid high volatility. Sell Nifty 10600 Put (July 16 expiry) in the range of ₹ 60-62 Target: ₹ 46-35 Stop loss : ₹ 76

Bank Nifty Future

- ❖ Outperformance was clearly visible in banking stocks, which led the Bank Nifty to test 23000. State Bank of India was the leader whereas HDFC Bank, Axis Bank and midcap banks also witnessed short covering. Once the index manages to sustain above its major Call base of 23000, a further short covering rally can be seen. Buy Bank Nifty in the range of 22800-22850 Target:23000-23200, Stop loss: 22700

F&O Highlights

- ❖ For a major part of the day, the index consolidated with 10750 acting as a midpoint. Buying in banking, cement and metal led the index to end positive with a decent gain of 1.3%. On the options front, additions were seen in ATM 10800 Call and Put strike. We feel a consolidation move will take place before crossing the 10900-11000 hurdle

Stock Analysis

Long build-up/short covering: Escorts, Tata Steel, Century Textiles, ACC, Ambuja Cements, NCC and SBI

Short build-up/profit booking: Bharat Electronics, Cummins India, HPCL, Coal India, Indigo and Marico

FII & DII Action

- ❖ FIIs bought ₹ 213 crore while DIIs sold ₹ 803 crore in the cash segment. FIIs bought index futures worth ₹ 1331 crore while in index options they bought ₹ 1199 crore. In the stock futures segment, they sold ₹ 751 crore

Intraday Recommendations

i) ACC		ii) Coal India	
Buy ACC JUL Fut at ₹ 1329.00-1330.00		Sell COALIN JUL Fut at ₹ 131.00-131.50	
CMP: 1329.5		CMP: 131.5	
Target 1: 1341.5	Target 2: 1359.5	Target 1: 129.6	Target 2: 127.2
Stop Loss: 1317.5		Stop Loss: 132.9	

Note:

Call initiation message will be broadcast on iclick-2-gain

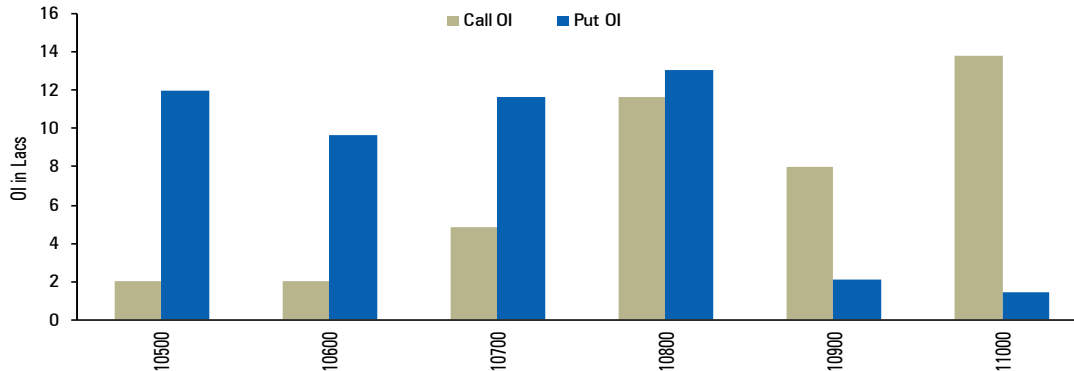
Highlights of the last session & Pivot Levels

	Spot	Fut	Basis	Future OI	PCR OI	PCR Vol	ATM IV
Current	10813	10824	11	13378775	1.63	1.42	24.91
Previous	10706	10696	-10	12617025	1.58	1.18	26.10
Change (%)	1.00%	1.20%	-	6.04%	-	-	-4.78%

	S3	S2	S1	Piv	R1	R2	R3
Nifty future	10527	10660	10742	10793	10875	10926	11059
Bank Nifty future	22186	22516	22712	22846	23042	23176	23506

Nifty futures ended at a premium of 11 points with a fall in IVs by 5%

Weekly Nifty Options OI build-up



The major Put base is at 10800 strike with almost 13 lakh shares while the major Call base is at the 11000 strike with almost 14 lakh shares

Strategy follow up

Date	Stock	View	Strategy	Reco	Target	SL	P&L	Comment
9-Jul-20	UNIPSI	Buy	Long Fut	623.5	628.3	618.7	-	Not Initiated
9-Jul-20	PIDIND	Sell	Short Fut	1389.5	1377.5	1401.5	6000	Tgt achieved

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.

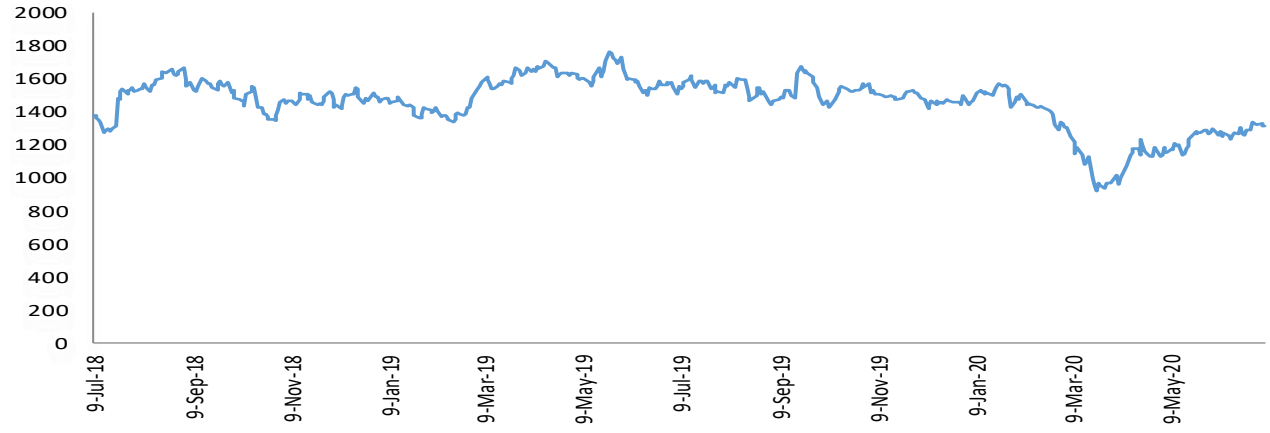
[Back](#)

Source: NSE, Seediff, Bloomberg ICICI Direct Research

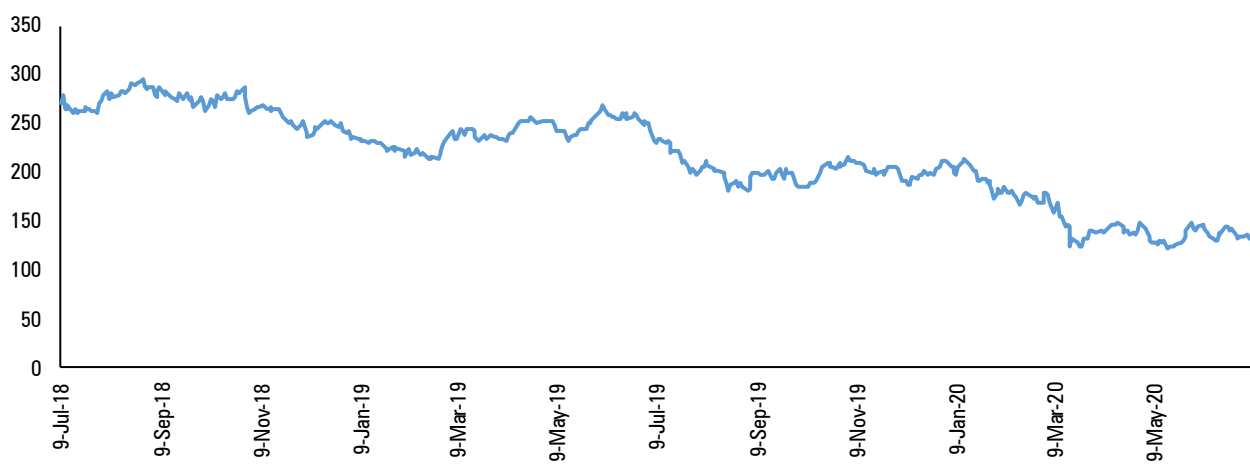
Recommended Stocks : Historical price performance...



ACC



Coal India

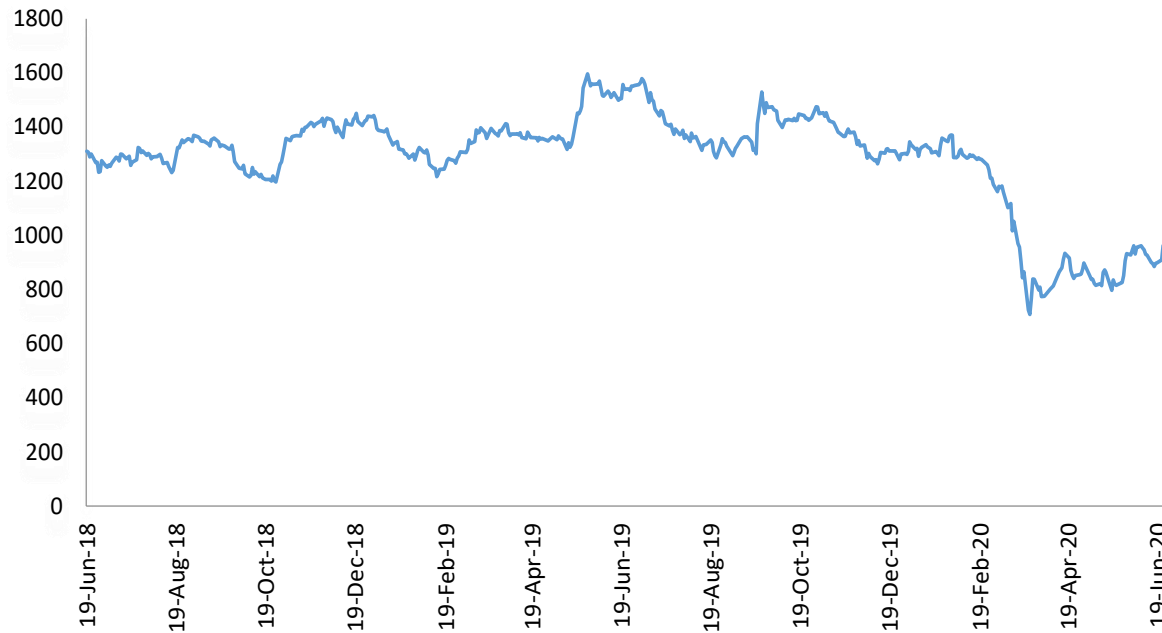


Source: NSE, Seediff, Bloo
July 10, 2020

Positional Recommendation

Date	Stock	View	Initiation Range	Target	Stoploss	Time Frame
2-Jul-20	Larsen & Toubro	Buy	₹ 944.00-948.00	₹ 1020	₹ 910	2-3 Weeks

Larsen & Toubro



Recommendation follow up

Date	Stock	View	Initiation Range	Target	Stoploss	Profit/ Loss	Comment
7-Jul-20	L&T Hosuing Finance	Buy	₹ 71.9-72.5	₹ 78.5	₹ 68.4	13600	Profit booked

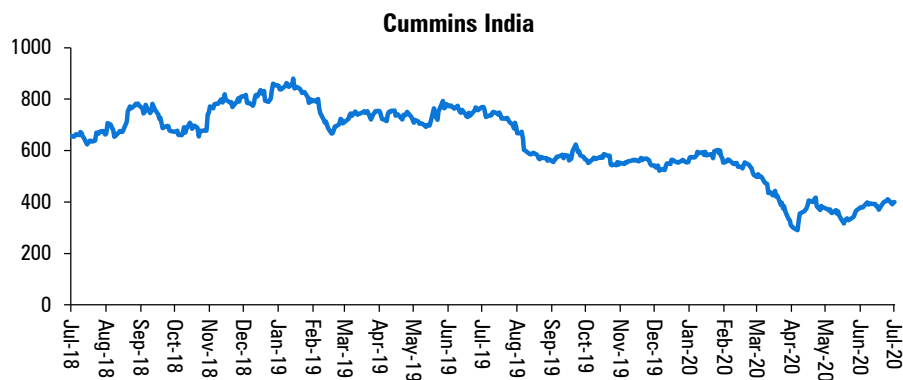
Weekly future recommendation:

Long Cummins India (CUMIND) July future in the range of ₹ 406-408. Target: ₹ 448; Stop Loss: ₹ 382

Rationale

Cummins India has remained largely in the range of ₹ 380-410 in the entire June series. However, fresh OI addition in the stock suggests positive bias coming in the stock. The open interest in Cummins increased sharply last week as it increased from 1.2 million shares to 1.7 million shares. The current OI in the stock is almost closer to the OI seen in March, suggesting long build-up. We expect the ongoing momentum to continue in it. It is likely to move towards ₹ 450 in the coming sessions.

Price performance



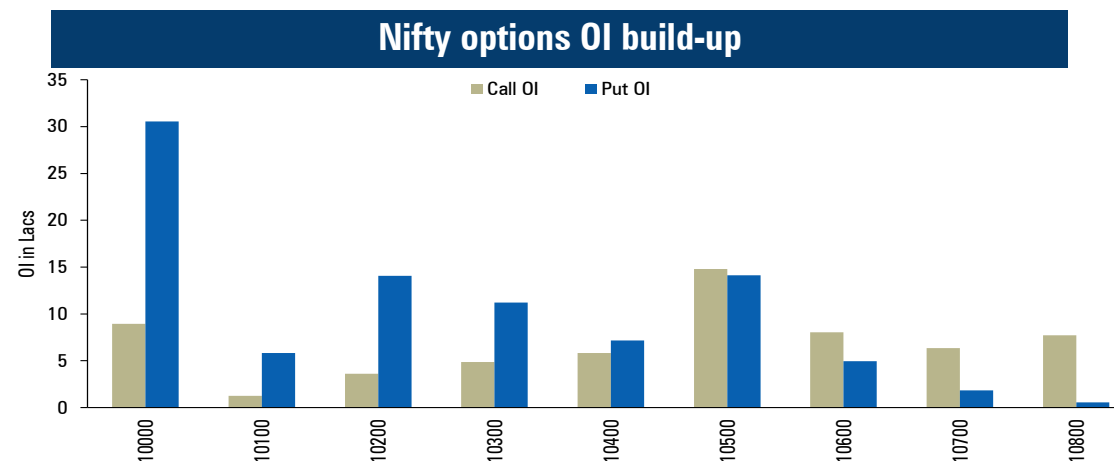
Recommendation follow up

Underlying	View	Strategy	Reco	Target	Stoploss	Profit/Loss	Comment
Page Industries	Bullish	Long Futures	20000	22200	18800	15000	Profit Booked

Source: Bloomberg, ICICI Direct Research

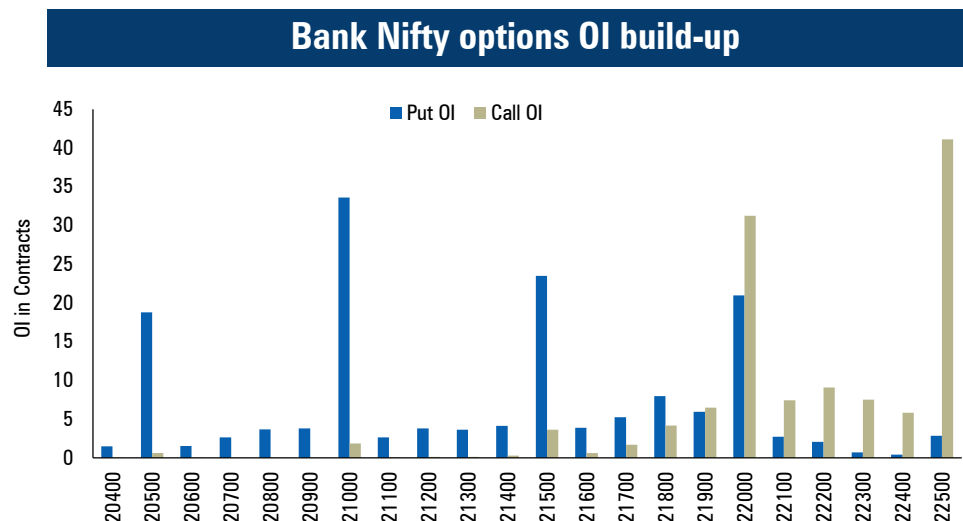
Nifty: Consolidation expected above 10350 for target of 10750

- The Nifty witnessed good move above the June expiry level of 10280. The index is expected to consolidate above these levels, which may lead to a good move in specific stocks
- The noticeable Put base is currently at the 10300 strike, which also indicates towards noticeable support at these levels. The reducing volatility suggests the option writing trend, which may increase in the coming days. On the higher side, the Call positions are at the 10700 strike
- The non-banking index heavyweights have remained in focus. We believe private banking stocks may perform in patches and may not witness a sharp upward trend. Instead, a gradual move may be on the cards in these stocks
- The volatility index has started a move below 30 levels. This is good for the stability in the market. Sharp swings may not be seen in the index and it should broadly remain above 10300. Also, June and July have remained relatively low volatile months, which is seen even this year so far
- FII flows have remained absent while their outflows have been neutralised by DII inflows. The buying pattern of domestic institutions is encouraging, which suggests the stock specific moves may continue



Source: Bloomberg, ICICI Direct Research
July 10, 2020

- The Bank Nifty managed to close the June series on a positive note and ended marginally below the monthly highs. Private and PSU banks saw covering, providing a boost to the index. The rupee appreciated sharply from 75.6 levels to 74.95 levels. We feel it will consolidate near these levels. This will provide the required boost to the banking and financials space
- The index started the July series with a discount of almost 100 points whereas the rollover was in line with the expectation. As the series progressed, the discount in the Bank Nifty narrowed marginally, pointing towards short covering
- Huge Put OI additions are seen in 21000 strike Put, which remains the key support area for upsides to continue. Looking at the writing positions in Call, we feel the index could move towards 23000 in coming days
- The price ratio of Bank Nifty/Nifty fell marginally on the back of outperformance in the Nifty, which rallied towards 10600 whereas the Bank Nifty remained flat near 22000. However, we feel the ratio will consolidate near 2.08 levels



Source: Bloomberg, ICICI Direct Research

FII's selling pressure absorbed by DIIs in positive week...

- Indian markets continued their move despite range bound global markets and uninterrupted FII selling. Most global indices witnessed consolidation after the sharp move of the last few weeks. The Dollar index failed to move beyond 97.20 levels despite many attempts. It is still hovering below these levels. The rupee tested its three month highs around 74.50 levels last week
- In India, FIIs remained on the sidelines and sold equities despite continued momentum last week as well and sold almost ₹ 5247 crore in Indian equities. However, domestic institutions bought significantly last week and poured ₹ 6677 crore in equities last week. For June, net FII investment in equities was around ₹ 21800 crore including ₹ 9500 crore in primary markets
- In the F&O space, in the first week of the July series, activities were relatively muted on the FIIs front. While they bought over ₹ 766 crores in index futures, short covering to the tune of ₹ 863 crore was seen in the stock futures segment during the week. FIIs have also sold ₹ 3119 crore in index options
- Brent remained quite range bound last week at \$41-\$43 levels. Once again, continued low production by Opec+ has compensated for the low demand due to economic slump. Moreover, a weak dollar also helped crude to remain firm above \$40. We believe that a move below it may trigger fresh downsides for the commodity while negative bias should be formed below these levels

FII/DII buying in equities (in ₹ crore)					
Date	FII			DII	
	Index Fut	Stock Fut	Index Opt	Cash	Cash
26-Jun	-190.0	363.0	936.0	-958.0	1304.0
29-Jun	-1242.0	-790.0	-225.0	-104.0	1036.0
30-Jun	367.0	491.0	1265.0	-1943.0	2051.0
1-Jul	1125.0	132.0	-1589.0	-1685.0	1377.0
2-Jul	706.0	667.0	2732.0	-557.0	909.0

Source: Bloomberg, ICICI Direct Research

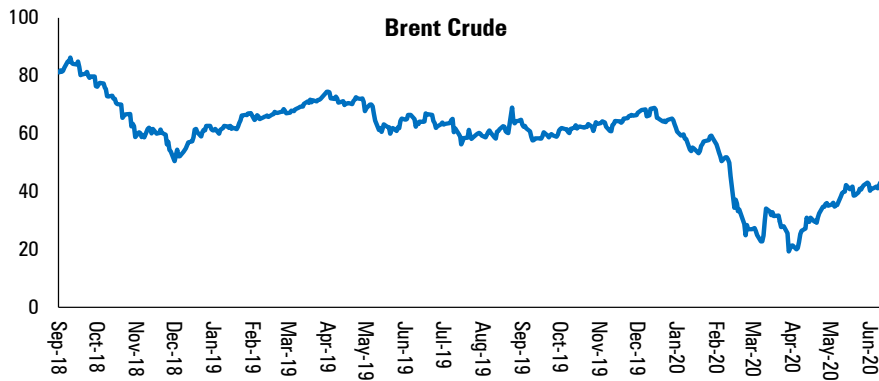
Rupee: US\$INR has immediate hurdle at 75.30...

- The rupee remained in appreciation trend. US\$INR may continue to see selling pressure. The major contributors for rupee appreciation have been dollar weakness and expected inflows from Reliance Jio equity deals
- The US dollar remained subdued due to another stimulus expected from US. In addition, the US Fed outlook has remained broadly dovish. However, the US jobs data has come better of late from 13.3% to 11.1%. It may lead to some pullback in dollar but upsides seem to be capped there in the short-term. Otherwise, the higher stimulus given in global economies is still pushing the risk-on sentiment higher
- The forex reserves are expected to increase due to these equity deals. It should move beyond \$510 billion now

Weekly Pivot Levels

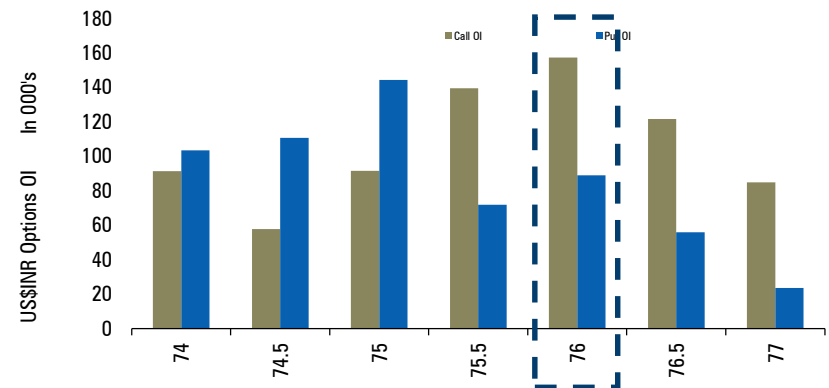
Futures	Weekly Pivot				
	S2	S1	Pivot	R1	R2
US\$INR (Jul)	74.03	74.51	75.21	75.69	76.39
US\$INR (Aug)	74.00	74.50	75.25	75.75	76.50
EURINR (Jul)	82.94	83.47	84.47	85.00	86.00
EURINR (Aug)	83.00	83.55	84.55	85.10	86.10
GBPINR (Jul)	91.33	92.27	93.43	94.37	95.53
GBPINR (Aug)	91.42	92.33	93.52	94.43	95.62
JPYINR (Jul)	68.67	69.18	70.02	70.53	71.37
JPYINR (Aug)	68.72	69.24	70.12	70.64	71.52

Brent crude...



Source: Bloomberg, ICICI Direct Research

US\$INR options build-up



Major quarterly results in coming week...

Symbol	Company	Purpose	Board Meeting Date
TCS	Tata Consultancy Services Limited	Financial Results/Dividend	9-Jul-20

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, Amit Gupta B.E, MBA (Finance), 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.