

July 10, 2020

Other Product offerings

Derivatives Strategy

Underlying	Action
Federal Bank	Buy
Tech Mahindra	Buy

Duration : 1-2 months

Quant (Derivatives) Pick

Underlying	Action
JSW Steel	Buy
Infosys	Buy

Duration : 1-3 months



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Derivatives Strategy – Short Strangle

Sell Nifty 16 July 10700 Put & 10800 Call

Index & Strike	Action	Initiation Range	Premium Intflow	Target	Stop loss	Time Frame
Nifty 16 July 10800 Call	Sell	90-100	185-205	5	395	till 16 July expiry
Nifty 16 July 10700 Put	Sell	95-105				

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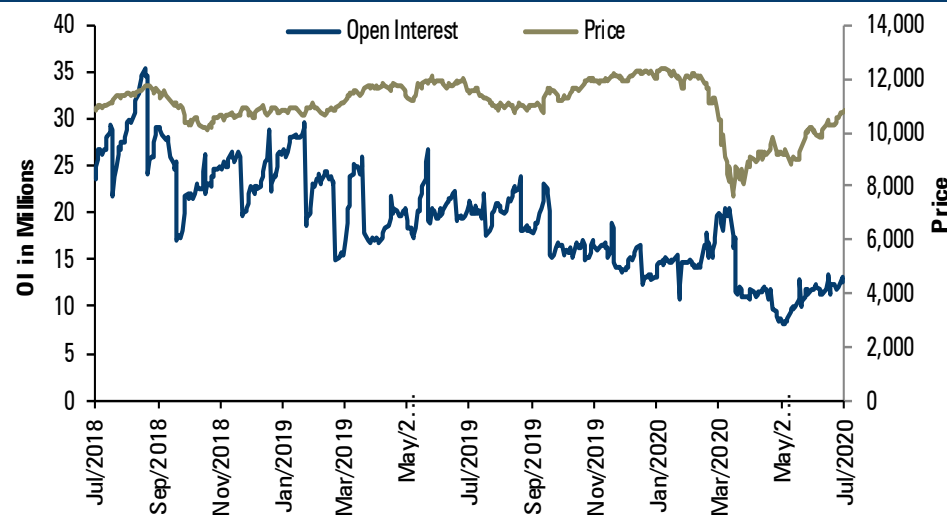
Short Strangle: Sell Nifty 16 July 10700 Put at ₹ 95-105 & sell 10800 Call at ₹ 90-100, Target: ₹ 5, Stop loss: ₹ 395, Time frame: Till 16 July expiry

- A sharp rally was seen in the Nifty from 10200 to 10800 levels with metals, IT, HDFC twins and other heavyweights performing well
- The Nifty started the July series with a 60 point discount whereas the rollover for the July series was marginally lower compared to last month. However, as the series progressed, the discount has narrowed significantly indicating short covering
- For the coming week, 10700 Put and 10800 Calls saw huge additions. However, the highest Call base is placed at 11000, which would act as a supply zone whereas 10500 Put writers could provide a cushion
- At the current juncture, after the sharp rally, we feel the Nifty could consolidate before moving towards its highest Call base. Hence, we advise a Short Strangle to capitalise on the declining time value

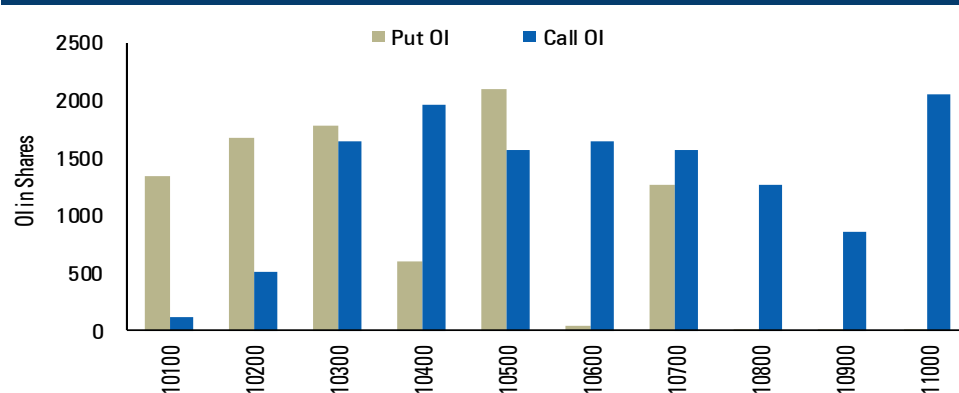
Note: 1. Recommendation initiated on iclick-2-gain on July 10, 2020

2. The given recommendation in this report is positional recommendation and should not be linked with intraday view & recommendations given on iclick-2-gain, which may have a different view on a particular day

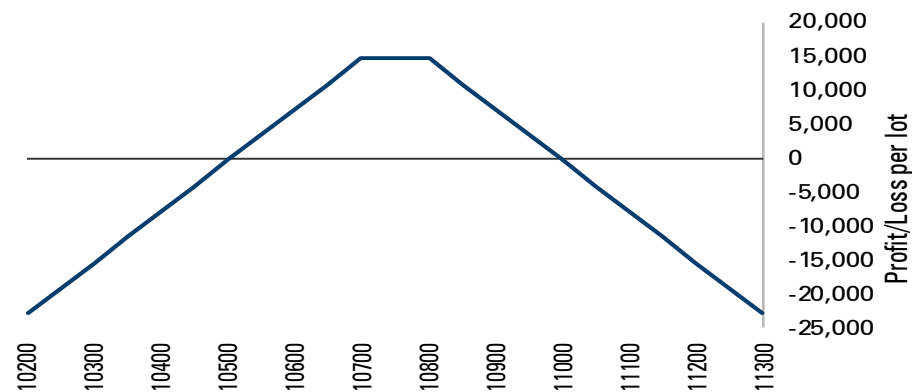
Price vs. OI chart



Options build-up



Payoff



Source: NSE, Seediff, Bloomberg ICICI Direct Research

July 10, 2020

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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.

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