

May 14, 2021

### Other Product offerings

#### Derivatives Strategy

Underlying	Action
Tech Mahindra	Buy
Voltas	Buy
IndusInd Bank	Buy
Duration : 1-2 months	

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#### Quant (Derivatives) Pick

Underlying	Action
HDFC	Buy
SBI	Buy
Axis Bank	Buy
Duration : 1-3 months	

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# Derivatives View

[Daily view](#)

[Weekly view](#)

### Stock recommendations in report

Action	Scrip	Target 1	Target 2	Stoploss	Time frame
Buy LUPIN May Fut at ₹ 1218.00-1220.00	Lupin	1229.6	1245.5	1208.4	Intraday
Sell GODPRO May Fut at ₹ 1239.00-1241.00	Godrej Properties	1226.2	1205.4	1253.8	Intraday
Sell NIFFIN May Fut at ₹ 15650.00-15700.00	FINNIFTY	15500.0	15400.0	15750.0	Intraday
Sell TECHM APR Fut at ₹ 970.00-975.00	Tech Mahindra	905.0		1015.5	Weekly
Buy AMARAJ APR Fut at ₹ 810.00-815.00	AMARA RAJA BATTERIES	880.0		780.0	Till May expiry

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# Intraday Outlook: Sell Bank Nifty in the range of 32750-32850

## Index Outlook

### Nifty Future

- ❖ The Nifty is expected to trade between 14400 and 14800 amid high volatility. Sell Nifty 15000 Call (May 20 expiry) in the range of ₹ 39-41 Target: ₹ 25-15 Stop loss : ₹ 55

### Bank Nifty Future

- ❖ The Bank Nifty opened higher but was unable to sustain at higher levels as sellers prevailed and the index closed with a loss of more than 1.00%. PSU banks continue to outperform compared to private banks. According to option data, 33000 Call option has noteworthy OI, which should act as resistance. Sell Bank Nifty in the range of 32750-32850 Target: 32500-32400 Stop loss: 32950

### F&O Highlights

- ❖ The Nifty continue to slip lower for a second consecutive day as it closed with a loss of more than 1.04%. Healthy buying was seen in PSU banks while metals along with private banks and financials witnessed selling pressure. Looking at option data, 14800 Call has noteworthy OI addition, which should limit upside gains

### Stock Analysis

**Long build-up/short covering:** Lupin, Godrej Consumer products, Bank of Baroda, Amara Raja Batteries, UPL and NTPC

**Short build-up/profit booking:** Godrej Properties, Granules, Tata Steel, JSW Steel, HDFC Bank, Axis Bank and MGL

### FII & DII Action

- ❖ FIIs sold ₹ 1261 crore while DIIs sold ₹ 704 crore in the cash segment. FIIs sold index futures worth ₹ 556 crore while in index options they bought ₹ 10253 crore. In the stock futures segment, they sold ₹ 2480 crore

### Intraday Recommendations

i) Lupin	ii) Godrej Properties
<b>Buy LUPIN May Fut at ₹ 1218.00-1220.00</b>	<b>Sell GODPRO May Fut at ₹ 1239.00-1241.00</b>
CMP: 1214.95	CMP: 1246.35
Target 1: 1229.6      Target 2: 1245.5	Target 1: 1226.2      Target 2: 1205.4
Stop Loss: 1208.4	Stop Loss: 1253.8

#### 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.

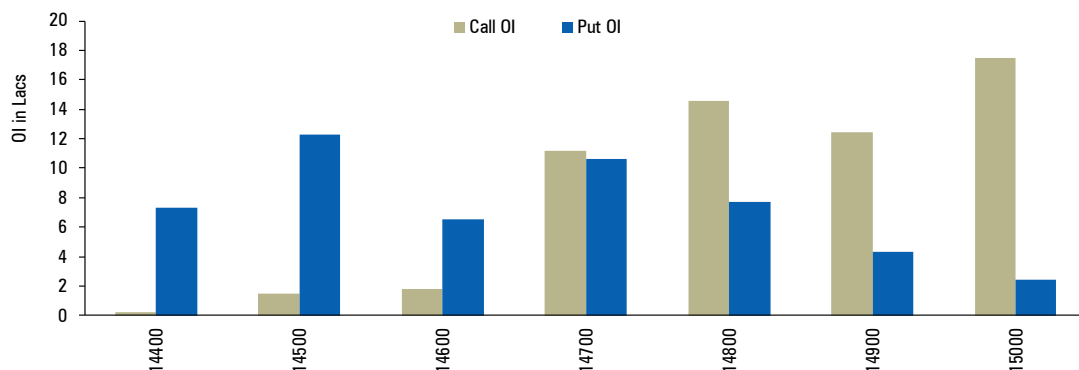
## Highlights of the last session & Pivot Levels

	Spot	Fut	Basis	Future OI	PCR OI	PCR Vol	ATM IV
<b>Current</b>	14697	14710	14	13050400	1.53	1.06	20.08
<b>Previous</b>	14851	14878	28	12766025	1.70	1.16	19.83
<b>Change (%)</b>	-1.04%	-1.13%	-	2.23%	-	-	1.25%

	S3	S2	S1	Piv	R1	R2	R3
<b>Nifty future</b>	14514	14559	14635	14738	14814	14918	14962
<b>Bank Nifty future</b>	32094	32193	32357	32587	32751	32981	33079

Nifty futures ended at a premium of 14 points while IV was up 1.25%

## Weekly Nifty Options OI build-up



The major Put base is at 14500 strike with 12 lakh shares while the major Call base is at the 15000 strike with 17 lakh shares

## Strategy follow up

Date	Stock	View	Strategy	Reco	Target	SL	P&L	Comment
12-May-21	HAVIND	Buy	Long Fut	1038.0	1056.0	1020.0	-	Not initiated
12-May-21	TITIND	Sell	Short Fut	1439.0	1415.0	1463.0	-	Not initiated

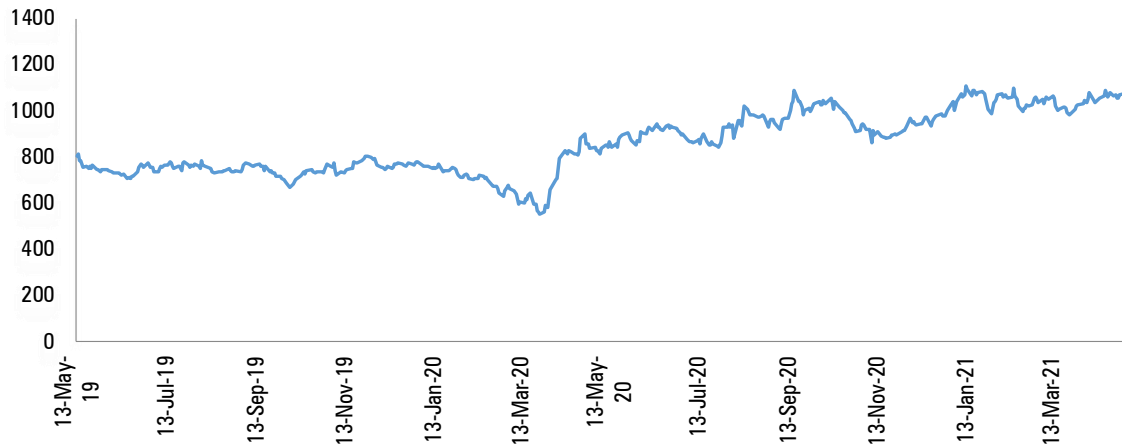
**Note:** Index/ Stocks calls may be changed, if view differs during market hours and positional recommendations given in Derivatives Strategy should not be linked to intraday index/stock calls.

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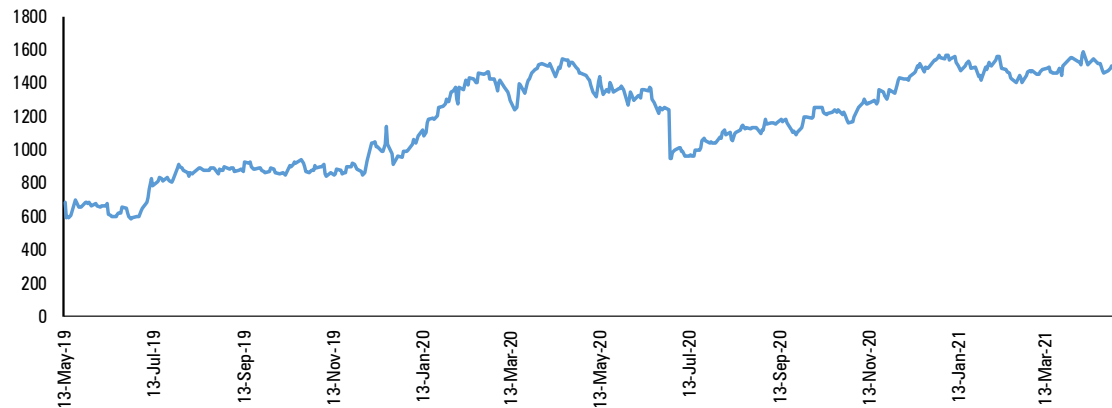
Source: NSE, Seediff, Bloomberg ICICI Direct Research

# Recommended Stocks : Historical price performance...

## Lupin

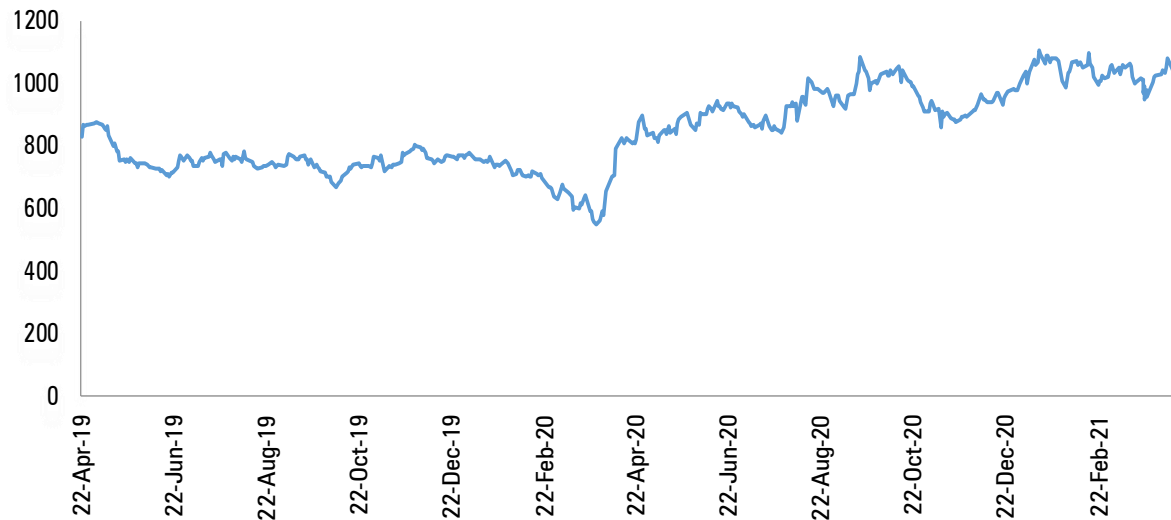


## Godrej Properties



Date	Stock	View	Initiation Range	Target	Stoploss	Time Frame
13-May-21	Amara Raja Batteries	Buy	₹ 810.00-815.00	₹ 880	₹ 780	1-2 Weeks

## Amara Raja Batteries

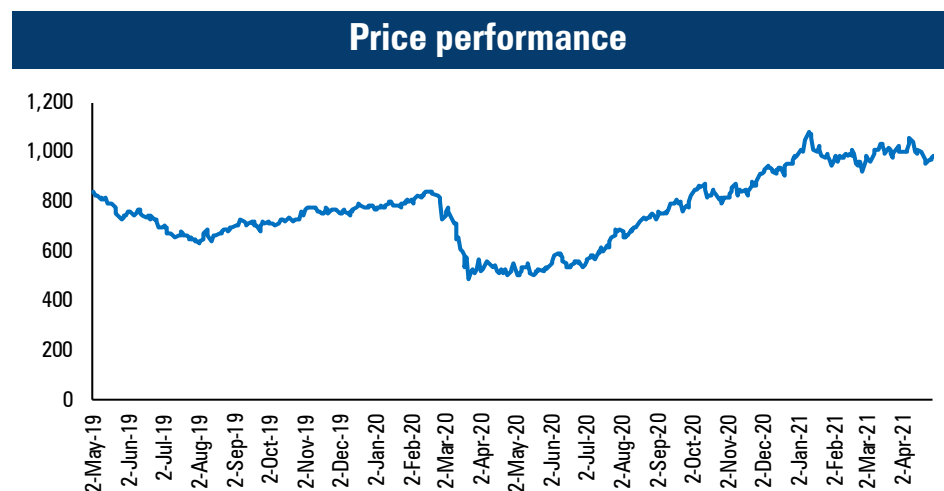


## Weekly future recommendation (Carried forward) :

Short Tech Mahindra (TECMAH) May future in range of ₹ 970-975; Target: ₹ 905; Stop Loss: ₹ 1015.5

### Rationale

Most IT stocks witnessed profit booking post their quarterly numbers with sectoral rotation clearly visible where inflows shifted to BFSI. Tech Mahindra was no exception. It continued to witness profit booking from ₹ 1050 levels. The OI in the stock declined sharply from mid-April whereas for the May series OI remains relatively lower. We feel the current leg of long liquidation should continue in most IT stocks. The stock may slip with a strengthening rupee triggering some negative sentiments.

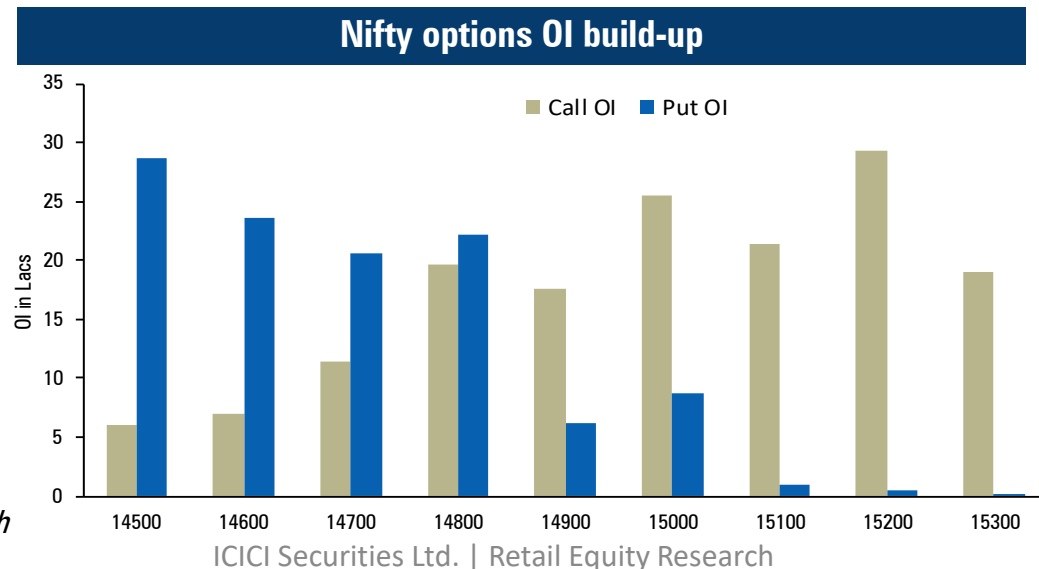


Recommendation follow up							
Underlying	View	Strategy	Reco	Target	Stoploss	Profit/Loss	Comment
SBILIFE	Bullish	Buy Futures	917.5	985.0	884.9	20000	Profit Booked

Source: Bloomberg, ICICI Direct Research

# Nifty: Uptrend likely to continue towards 15200

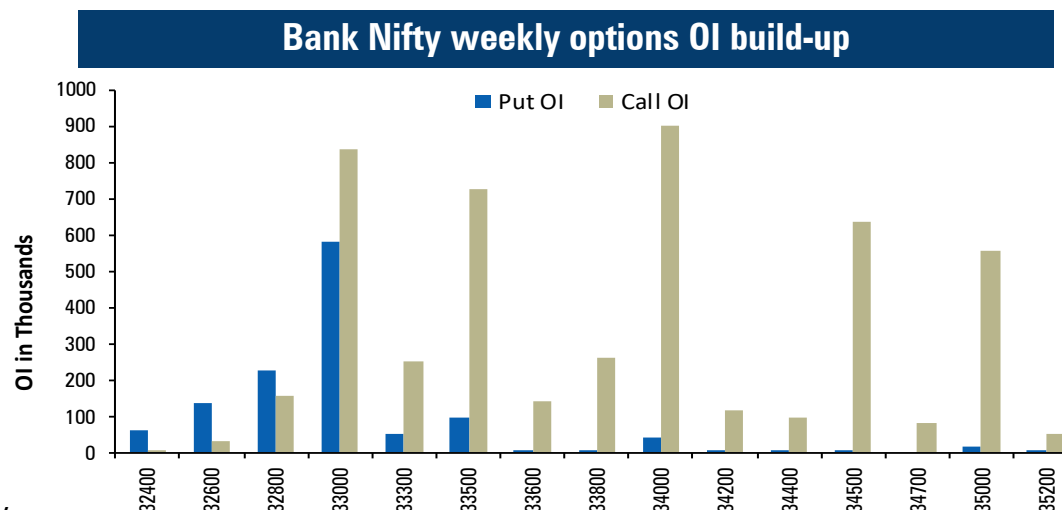
- Once again buying support came in for the Nifty and despite making lows below 14500 in the early part of the week, the Nifty rebounded strongly above 14800, gaining more than 1% in the week. Metals outshone rest of the sectors in terms of performance as metal index moved up almost 10% last week. At the same time, midcap, small cap indices also moved up nearly 1.5% each
- On the data front, the Nifty still has the highest Call base at 15000 Call strike for the coming weekly settlement. Since mid-March, the Nifty was unable to close above these levels. However, gradual writing at OTM Put of 14600 and 14800 strikes suggest limited downsides. Till these levels are held, there is high probability that the Nifty could move towards 15200 in the coming sessions
- Sectorally, apart from metals, rest of the sectors have remained largely range bound to positive. For the Nifty to move above 15000, banking index has to lead from front. We believe that after a round of consolidation it is well poised for a further up move. We expect banking space to resume its outperformance once it closes above 34000. However, technology space is likely to underperform
- Volatility in the markets moved lower towards 20, which is the lowest level for volatility since mid-April. Sustainability of current levels may infuse fresh uptrend in the broader markets in the coming sessions. As suggested earlier, one should be cautious if it starts moving higher once again



Source: Bloomberg, ICICI Direct Research  
May 14, 2021

# Bank Nifty: Consolidation should continue with support shifted higher to 31500...

- Broader markets marked a meaningful recovery and ended near the higher band of the consolidation with sectoral rotation helping the index to inch higher. Private banks continued to do well post their quarterly numbers whereas PSU banks also witnessed covering and moved higher
- During the week, the Bank Nifty saw almost 12% fresh long build-up in future along with price appreciation. This is a positive development. We feel the current leg of consolidation with positive bias should continue
- IVs started declining from 24% levels along with additions seen in most OTM strike options. Similar activity was there last week post which the index remained in a range. We feel this week as well the index is likely to consolidate. To utilise this opportunity, we have recommended shorting Strangle for the week (31500 Put & 34000 Call)
- Among heavyweights, Axis Bank along with Kotak Mahindra Bank are likely to do well. Fresh up moves are expected above 34000. Until then, its advisable to write OTM options to capitalise on declining time value and earn premiums from the consolidation in the Bank Nifty



Source: Bloomberg, ICICI Direct Research



- Risk assets continued to perform globally with both equities and commodities continuing to do well. Despite the results season, US markets have not seen any profit booking and remained at their life-time highs. Even commodities like copper did not exhibit any signs of profit booking as copper prices on the LME moved to decade high levels. Even emerging markets witnessed a fresh up move after a round of consolidation in the last couple of weeks
- FIIs remained net sellers in equities last week as well. Despite marginal buying seen during the last couple of sessions, they remained net sellers of more than ₹ 6258 crore. While broader market indices ended the week in the green with gains of more than 1%, major action was experienced in metal stocks, which closed the week near highs. Domestic institutions have used the current decline to accumulate and bought more than ₹ 3985 crore during the week
- In the F&O space, FII action was primarily seen in the stock futures and index options segment. While they were net sellers in the index futures segment worth ₹ 5408 crore, they bought stock futures to the tune of ₹ 2386 crore during the week. At the same time, FIIs bought index options worth ₹ 8636 crore
- Nymex crude has remained largely above \$64 levels last week. Demand concerns from India and Brazil have triggered some sell-off in the commodity. However, despite all these negative news if Nymex is able to hold \$64 levels, we can expect it to move towards \$70 in the coming weeks

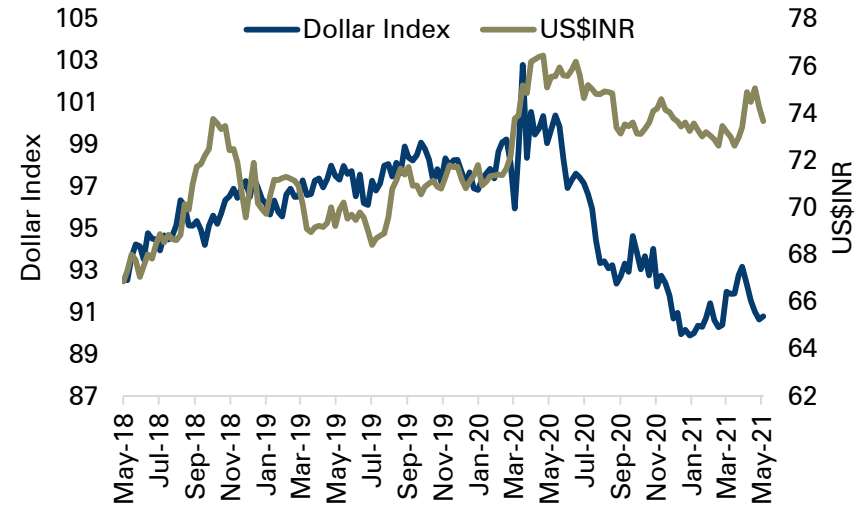
FII/DII buying in equities (in ₹ crore)					
Date	FII				DII
	Index Fut	Stock Fut	Index Opt	Cash	Cash
30-Apr	-2963	661	4861	-3151	1696
3-May	-1916	-193	2799	-1670	1023
4-May	-288	1178	1870	-1740	1463
5-May	10	722	-2386	-920	436
6-May	-251	19	1492	1223	-632

Source: Bloomberg, ICICI Direct Research

# Current leg of appreciation in rupee should continue...

- The rupee continued to appreciate for the second week in a row and closed below its sizeable Put base of 74
- The dollar index remained choppy while it is trading below 91 levels as there was weaker-than-expected economic data and Federal Reserve stand on ultra-low interest rate remained intact
- The current leg of rupee appreciation can be attributed to liquidation as the open interest has declined for the week and managed to close below its sizeable Put base of 74 along with weaker Dollar index. We feel these should push the US\$INR pair towards 73.25 levels
- EURINR futures rallied strongly last month supported by weakness in dollar index as the Euro posted its biggest monthly gain since July last year and Eurozone factory activity growth reached a record high

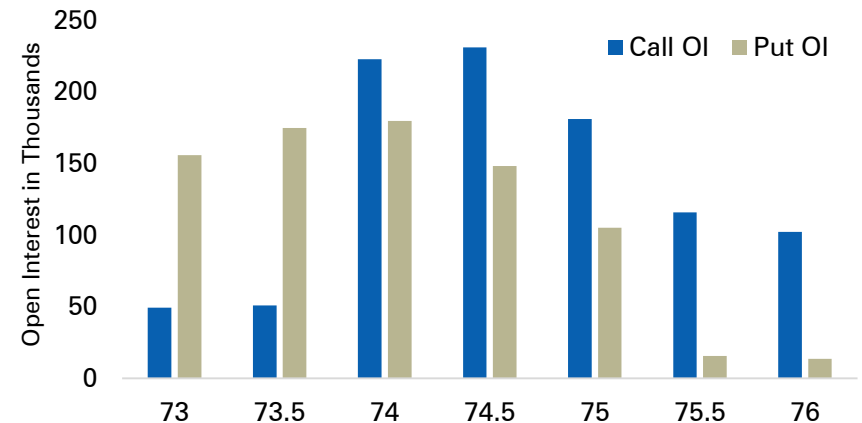
## Dollar Index vs. US\$INR



## Weekly Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (May)	72.96	73.31	74.00	74.35	75.04
US\$INR (Jun)	73.31	73.66	74.35	74.70	75.39
EURINR (May)	88.43	88.73	89.29	89.59	90.15
EURINR (Jun)	88.90	89.18	89.74	90.02	90.58
GBPINR (May)	102.03	102.31	102.83	103.11	103.63
GBPINR (Jun)	102.41	102.71	103.27	103.57	104.13
JPYINR (May)	67.09	67.31	67.74	67.96	68.38
JPYINR (Jun)	67.44	67.64	68.06	68.26	68.67

## US\$INR Options Build-up



Source: Bloomberg, Reuters, ICICI Direct Research

May 14, 2021

Date & Time (IST)	Country	Data & Events
Tuesday, May 11, 2021		
5:30 PM	US	EIA Short-Term Energy Outlook
7:30 PM	US	JOLTs Job Openings (Mar)
Wednesday, May 12, 2021		
11:30 AM	UK	GDP (QoQ) (Q1)
11:30 AM	UK	GDP (YoY) (Q1)
11:30 AM	UK	Manufacturing Production (MoM) (Mar)
6:00 PM	US	Core CPI (MoM) (Apr)
Thursday, May 13, 2021		
6:00 PM	US	PPI (MoM) (Apr)
Friday, May 14, 2021		
6:00 PM	US	Core Retail Sales (MoM) (Apr)
6:00 PM	US	Retail Sales (MoM) (Apr)

Source: Bloomberg, ICICI Direct Research

Date	Scrip	Action	Recommendation
06-May-21	Voltas	Buy	<b>Long/Short Strategy</b> : Buy Voltas May Future at 976-981 & sell 1040 Call at 15-17, Target: 1057, Stop loss: 918, Time frame: Till May expiry
07-May-21	Bank Nifty	Sell	<b>Long/Short Strategy</b> : Sell Bank Nifty 12 May 31500 Put at 115-135 & sell 34000 Call at 110-130, Premium inflow: 225-265, Target: 5, Stop-loss: 495, Time-frame: till 12 May
03-May-21	Tech Mahindra	Sell	<b>Positional Futures</b> : Sell Tech Mahindra May future in the range of 970-975, Target: 905; Stop Loss: 1015.5, Time frame: till May expiry
10-May-21	IndusInd Bank	Buy	<b>Long/Short Strategy</b> : Buy Indusind Bank May Future at 942-948 & sell 1000 Call at 20-25, Target: 1025, Stop loss: 892, Time frame: Till May expiry

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Source: Bloomberg, ICICI Direct Research

Date	Scrip	Action	Buy Price	Target	SL	CMP	%Ret	Time Frame
7-Apr-21	SBI	Buy	353-359	410	324	368	3.6%	3 months
6-May-21	Axis Bank	Buy	700-717	840	635	691	-3.3%	3 months
10-May-21	HDFC	Buy	2525-2565	2950	2348	2439	-4.0%	3 months
10-May-21	Federal Bank	Buy	78-80	92	71	82	3.3%	3 months

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SYMBOL	COMPANY NAME	PURPOSE	MEETING DATE
BANDHANBNK	Bandhan Bank Limited	Financial Results/Dividend	08-May-21
IDFCFIRSTB	IDFC First Bank Limited	Financial Results	08-May-21
GODREJCP	Godrej Consumer Products Limited	Financial Results	11-May-21
GRANULES	Granules India Limited	Financial Results/Dividend	11-May-21
SIEMENS	Siemens Limited	Financial Results	11-May-21
ASIANPAINT	Asian Paints Limited	Financial Results/Dividend	12-May-21
JINDALSTEL	Jindal Steel & Power Limited	Financial Results	12-May-21
LUPIN	Lupin Limited	Financial Results/Dividend/Other business matters	12-May-21
APOLLOTYRE	Apollo Tyres Limited	Financial Results/Dividend/Fund Raising	12-May-21
PIDILITIND	Pidilite Industries Limited	Financial Results	12-May-21
TATAPOWER	Tata Power Company Limited	Financial Results/Dividend/Other business matters	12-May-21
UPL	UPL Limited	Financial Results/Dividend	12-May-21
VOLTAS	Voltas Limited	Financial Results/Dividend	12-May-21
MPHASIS	MphasiS Limited	Financial Results/Dividend	13-May-21
PEL	Piramal Enterprises Limited	Financial Results/Dividend	13-May-21
VEDL	Vedanta Limited	Financial Results	13-May-21
CIPLA	Cipla Limited	Financial Results/Dividend	14-May-21
DRREDDY	Dr. Reddy's Laboratories Limited	Financial Results/Dividend	14-May-21
ESCORTS	Escorts Limited	Financial Results/Dividend/Other business matters	14-May-21
LT	Larsen & Toubro Limited	Financial Results/Dividend	14-May-21
BALKRISIND	Balkrishna Industries Limited	Financial Results/Dividend	14-May-21

Source: Bloomberg, ICICI Direct Research

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Source: Bloomberg, ICICI Direct Research

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