

December 4, 2020

Other Product offerings

Derivatives Strategy

Underlying	Action
Sun TV	Buy

Duration : 1-2 months

Quant (Derivatives) Pick

Underlying	Action
Torrent Pharma	Buy
Torrent Power	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 BHAFOR DEC Fut at ₹ 545.00-547.00	Bharat Forge	552.0	561.0	540.0	Intraday
Sell HDFC DEC Fut at ₹ 2263.00-2265.00	HDFC	2234.0	2189.0	2294.0	Intraday
Buy CADHEA DEC Fut at ₹ 442.00-445.00	Cadila Healthcare	467.0		429.5	Weekly
Buy CONCOR DEC Fut at ₹ 421.00-424.00	Container Corporation of India	450.0		406.0	2-3 weeks

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Intraday Outlook: Sell Bank Nifty in the range of 29800-29900

Index Outlook

Nifty Future

- ❖ The Nifty is expected to trade between 13000 and 13300 amid high volatility. Sell Nifty 13300 Call (December 10 expiry) in the range of ₹ 51-53 Target: ₹ 37-27 Stop loss : ₹ 67

Bank Nifty Future

- ❖ The choppiness in heavyweight banking stocks continued as the Bank Nifty again slipped from higher levels. Except PSU banks, most leading banks witnessed a leg of profit booking. On the weekly options front, it has significant OI at 29000 Put and major Call OI at 30000. Thus, it may trade in the range of 29000-30000. Sell Bank Nifty in the range of 29800-29900, Target: 29550-29000, Stop loss: 30050

F&O Highlights

- ❖ The Nifty future lacked trading volumes and remained lacklustre for a major part of the day. Post a positive start, the index witnessed some recovery but could not raise sustainable gains. The advance: decline ratio remained in favour of bulls. On the options front, 13000 Put has significant OI that may act as immediate support on downsides

Stock Analysis

Long build-up/short covering: Bank of Baroda, Maruti, Tata Chemicals, Hindalco, Bharat Forge and Container Corp

Short build-up/profit booking: Infosys, HDFC Ltd, HDFC Bank, Escorts, Bajaj Auto, ACC and Axis Bank

FII & DII Action

- ❖ FIIs bought ₹ 3637 crore while DIIs sold ₹ 1440 crore in the cash segment. FIIs bought index futures worth ₹ 176 crore while in index options they bought ₹ 352 crore. In the stock futures segment, they bought ₹ 534 crore.

Intraday Recommendations

i) Bharat Forge		ii) HDFC Limited	
Buy BHAFOR DEC Fut at ₹ 545.00-547.00		Sell HDFC DEC Fut at ₹ 2263.00-2265.00	
CMP: 543		CMP: 2263	
Target 1: 552	Target 2: 561	Target 1: 2234	Target 2: 2189
Stop Loss: 540		Stop Loss: 2294	

Note:

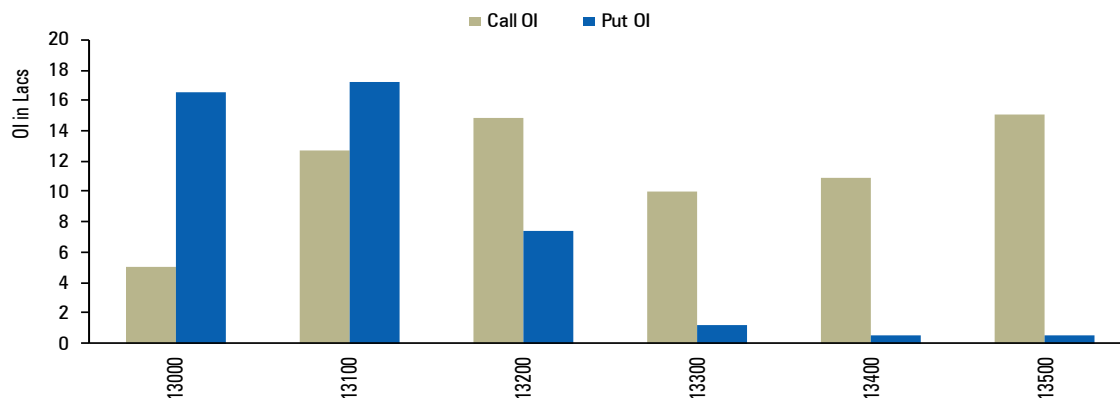
Note: Call initiation message will be broadcast on iclick-2-gain, if it is not initiated in opening session, then we might initiate with revise levels on iclick-2-gain.

Highlights of the last session & Pivot Levels

	Spot	Fut	Basis	Future OI	PCR OI	PCR Vol	ATM IV
Current	13134	13192	58	12857925	1.64	1.37	19.00
Previous	13114	13163	49	12456675	1.69	1.26	19.91
Change (%)	0.15%	0.22%	-	3.22%	-	-	-4.79%
	S3	S2	S1	Piv	R1	R2	R3
Nifty future	13101	13119	13161	13194	13236	13269	13288
Bank Nifty future	29066	29179	29375	29632	29828	30085	30199

Nifty futures ended at a premium of 58 points while IV fell by 4.8%

Weekly Nifty Options OI build-up



The major Put base is at 13100 strike with almost 16 lakh shares while the major Call base is at the 13200 strike with almost 14 lakh shares

Strategy follow up

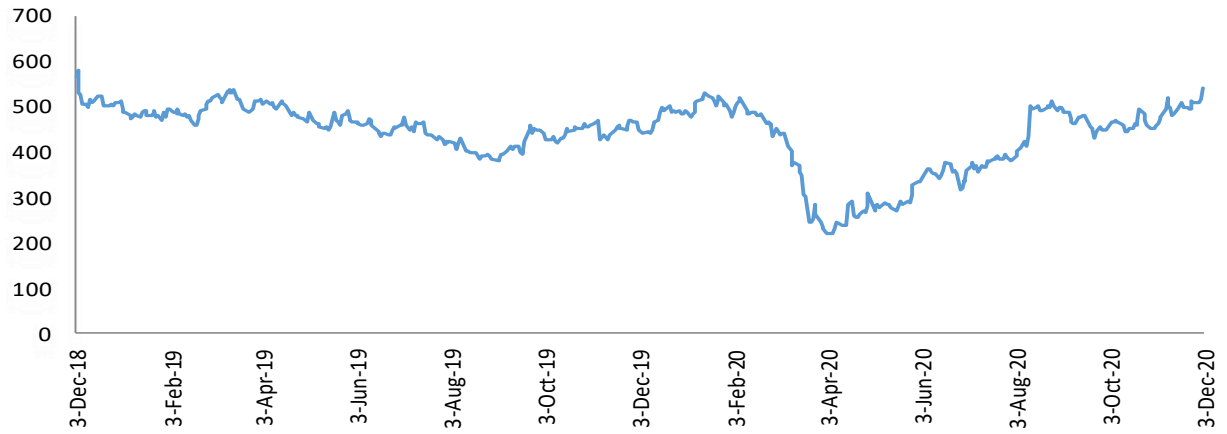
Date	Stock	View	Strategy	Reco	Target	SL	P&L	Comment
3-Dec-20	INTAVI	Buy	Long Fut	1606.0	1624.0	1588.0	-	Not initiated
3-Dec-20	PETLNG	Sell	Short Fut	254.3	251.3	257.3	-	Not initiated

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.

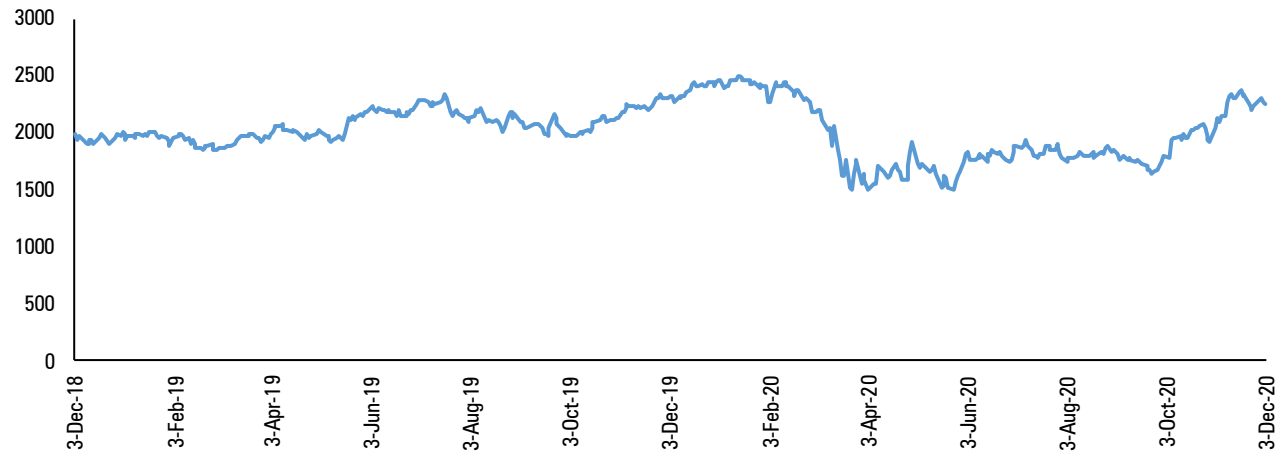
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Source: NSE, Seediff, Bloomberg ICICI Direct Research

Bharat Forge



HDFC Limited



Source: NSE, Seediff, Bloomberg
December 4, 2020

Positional Recommendation

Date	Stock	View	Initiation Range	Target	Stoploss	Time Frame	Expiry
3-Dec-20	Container Corp	Buy	₹ 421.00-424.00	₹ 450	₹ 406	2-3 weeks	December

Container Corporation of India



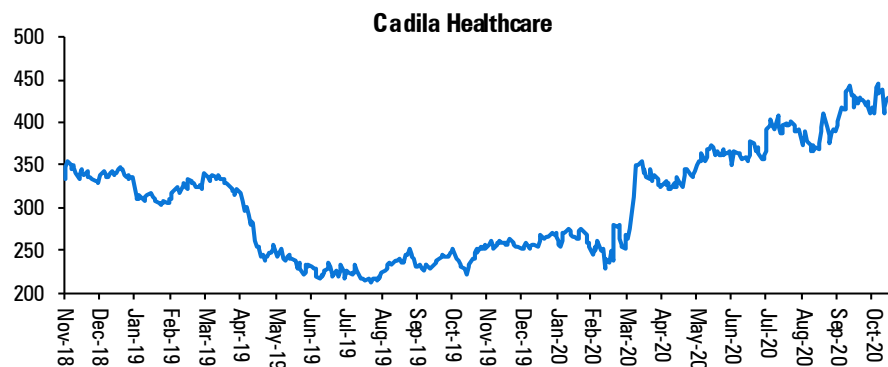
Weekly future recommendation:

Long Cadila Healthcare (CADHEA) December future in the range of ₹ 442-445; Target: ₹ 467; Stop Loss: ₹ 429.50

Rationale

Stock specific action was seen in the current leg of consolidation in the Nifty near 13000. Few pharma stocks saw decent buying during the week where Cadila Healthcare made a new yearly high last week. For a couple of months, the stock has been rallying on the back of short covering. We feel the ongoing trend in the stock will continue. It was finding it difficult to sustain above ₹ 440 levels. However, as it finally closed above this levels, fresh upsides could be seen in the coming week.

Price performance



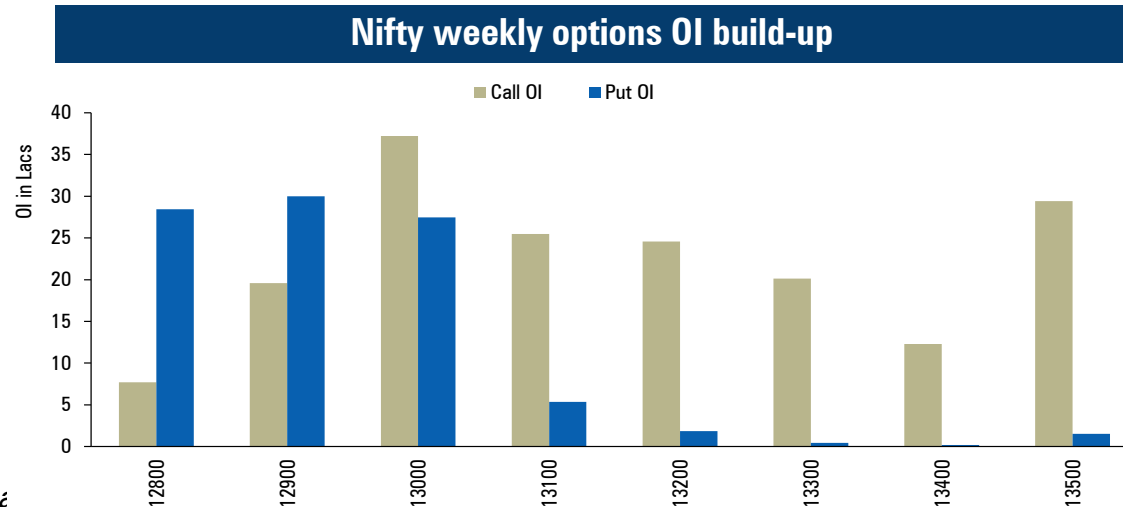
Recommendation follow up

Underlying	View	Strategy	Reco	Target	Stoploss	Profit/Loss	Comment
Tata Consumer	Bullish	Buy Future	520	552	489	15252	Profit Booked

Source: Bloomberg, ICICI Direct Research

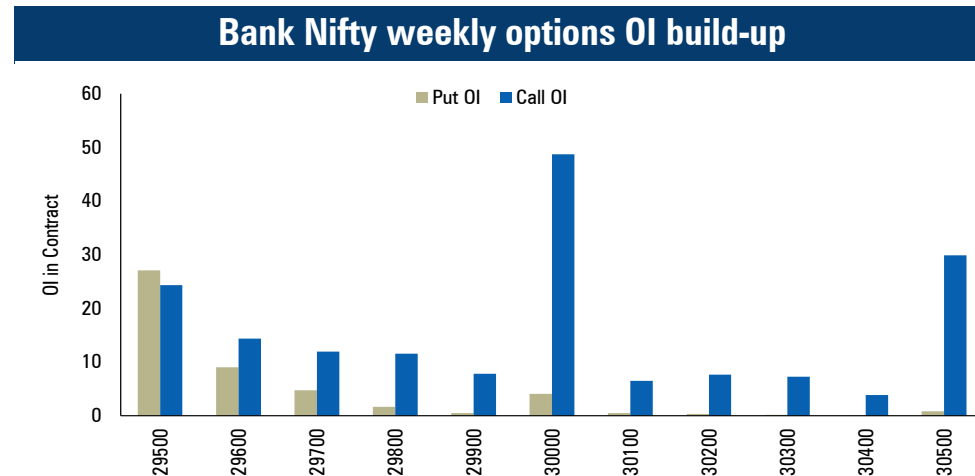
Momentum expected to continue in broader markets with Nifty support at 12800...

- The significant flows seen during the month pushed the Nifty above 13000. Volatility remained high last week as well. Despite a gain of just 1% in the index, broader markets saw significant movement. Midcap and small cap indices gained almost 3.5% and 5.5%, respectively
- At the same time, FII flows remained buoyant in the Indian markets while the net figure for November is close to ₹ 60000 crore. The December series has started with open interest of 11.5 million shares while premium remained high suggesting some long additions. However, such high premium does not sustain in the market. Due to the long settlement week, we may see the Nifty hovering in a range with stock specific action in the midcap space
- On the options front, immediate option positions are visible at 12800 Put and 13200 Call strike suggesting immediate range for the Nifty. We believe only a move below 12800 may extend any profit taking. Otherwise declines remain a buying opportunity in the ongoing positive trend
- Sectorally, after significant outperformance seen from BFSI and other non heavyweights, a round of profit booking cannot be ruled out. In such a scenario, performance can be expected from technology, pharma and FMCG stock



Source: Bloomberg, ICICI Direct Research
December 4, 2020

- A sharp up move was seen in the Nifty as well as Bank Nifty on the back of positive inflows by FIIs where they pumped in almost ₹ 15000 crore last week. However, Nifty future is trading above its sizeable Call base of 13000 whereas the Bank Nifty is still far behind due to selling in a few private banks last week
- Last week, there was a sharp rise in IVs as the Bank Nifty moved above 30000. However, Call writing in OTM strikes kept the index move in check
- The Bank Nifty started the December expiry with higher premiums whereas Call OI blocks were also there in private banks, which may limit upsides for the week. The price ratio of the Bank Nifty/Nifty remained near 2.28 levels as there was no major outperformance in banking stocks
- For the coming week, highest Call OI base is placed at 30000 strike followed by 30500 strike. However, no major Put OI build-up was seen for the coming week. We feel the Bank Nifty will retrace towards 29000. Unless we do not see closure in 30000 strike Call, upsides could be capped in the index



Source: Bloomberg, ICICI Direct Research

- FII flows continued in emerging markets last week as well while India remains the biggest beneficiary of flows. Till date, November has seen close to US\$8 billion FII flows, which is the one of the highest seen in a month. Despite range bound global markets, Indian indices continue to outperform and are currently one of the best performers in the world. Primarily, movement was seen in non heavyweights like midcap and small cap space. During the week, the volatility index (India VIX) has also moved up towards 23 levels but quickly came down below 20 once again
- FIIs remained net buyers last week and poured another ₹ 15000 crore in equities last week. Major movement was seen in the non heavyweight space as a catch up exercise was seen across sectors among non performers. With MSCI rebalancing seen on Friday, significant block were seen among stocks like Kotak Mahindra Bank, Bajaj Finance and L&T. On the other hand, domestic institutions remained net sellers and sold almost ₹ 13575 crore in equities during the week
- Even in the F&O space, FIIs remained net buyers. While they sold worth ₹ 1227 crore in index futures, they bought to the tune of ₹ 1645 crore in the stock futures segment during the week. FIIs also bought index options worth ₹ 4379 crore during the week
- Nymex crude saw a further up move and moved above its major resistance levels of \$44 last week after remaining largely range bound last week between \$41 and \$42.50. Rising cases of Covid-19 have hampered the ongoing recovery despite announcements of various Covid-19 vaccines. The fear of fresh lockdowns in many countries has halted the momentum across asset classes

FII/DII buying in equities (in ₹ crore)					
Date	FII			DII	
	Index Fut	Stock Fut	Index Opt	Cash	Cash
20-Nov	649.0	-541.0	261.0	3900.0	-2869.0
23-Nov	73.0	-692.0	-792.0	4890.0	-2944.0
24-Nov	-29.0	-907.0	2544.0	5526.0	-2522.0
25-Nov	-1803.0	1248.0	32.0	-1338.0	-1840.0
26-Nov	-117.0	2537.0	2334.0	2027.0	-3400.0

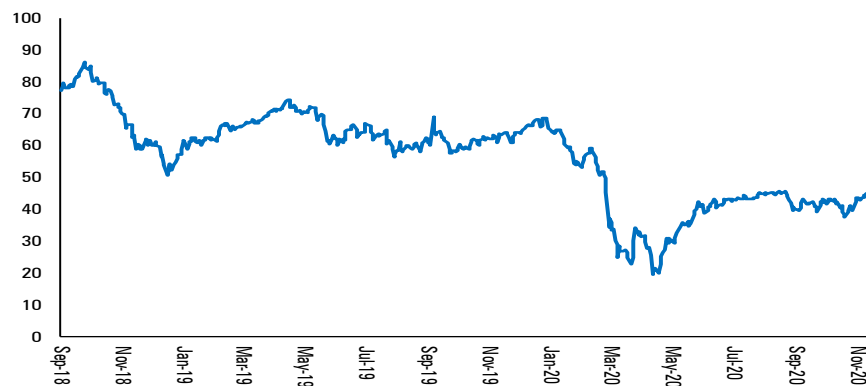
Source: Bloomberg, ICICI Direct Research

Rupee to trade in range of 73.90-74.50 levels...

- US\$INR futures fell initially during the week till a low of 73.86 as weakness in the dollar index along with a rally in domestic equities kept selling pressure on the pair. However, the pair bounced after a sharp correction in equities and remained flat on a weekly basis
- The dollar index has fallen more than 2.2% so far this month as global market sentiment has surged on Joe Biden's US election victory and news of progress in the development of Covid-19 vaccines, reducing demand for the safe-haven currency. It was on track for a weekly loss against a basket of currencies, even as the equity market rally ran out of steam
- Therefore, we expect the rupee to trade in the range of 73.90-74.50 levels as weakness in the dollar index may put pressure on the pair. However, correction in equities may provide some support to the pair

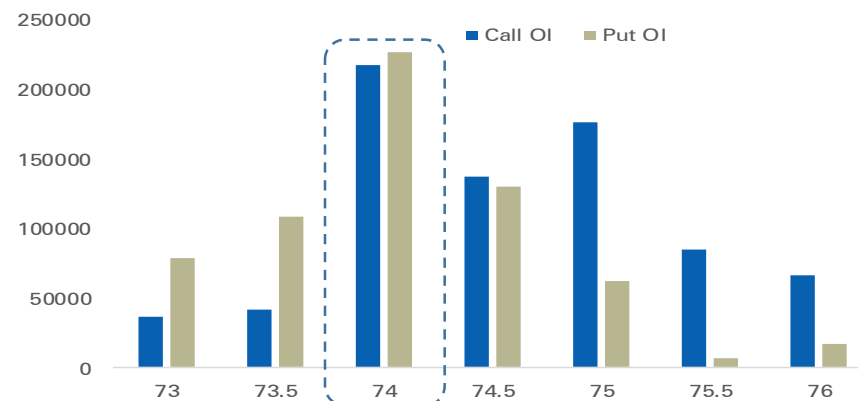
Weekly Pivot Levels					
Futures	S2	S1	Pivot	R1	R2
US\$INR (Dec)	73.71	73.92	74.08	74.29	74.44
US\$INR (Jan)	73.96	74.14	74.26	74.45	74.57
EURINR (Dec)	87.23	87.79	88.11	88.67	88.99
EURINR (Jan)	87.87	88.26	88.49	88.88	89.11
GBPINR (Dec)	98.23	98.62	98.87	99.25	99.50
GBPINR (Jan)	98.33	98.81	99.10	99.58	99.87
JPYINR (Jan)	70.34	70.80	71.16	71.62	71.98
JPYINR (Dec)	70.72	71.09	71.29	71.67	71.87

Brent Crude



Source: Bloomberg, Reuters, ICICI Direct Research

US\$INR Options Build-up



Forthcoming Events...

Date & Time (IST)	Country	Data & Events
November 30, 2020		
8:30 PM	US	Pending Home Sales (MoM) (Oct)
December 1, 2020		
3:00 PM	UK	Manufacturing PMI (Nov)
3:30 PM	Euro Zone	CPI (YoY) (Nov)
8:30 PM	US	ISM Manufacturing PMI (Nov)
December 2, 2020		
6:45 PM	US	ADP Nonfarm Employment Change (Nov)
9:00 PM	US	Crude Oil Inventories
December 3, 2020		
3:00 PM	UK	Composite PMI (Nov)
3:00 PM	UK	Services PMI (Nov)
7:00 PM	US	Initial Jobless Claims
8:30 PM	US	ISM Non-Manufacturing PMI (Nov)
December 4, 2020		
11:45 AM	India	Interest Rate Decision
3:00 PM	UK	Construction PMI (Nov)
7:00 PM	US	Nonfarm Payrolls (Nov)
7:00 PM	US	Unemployment Rate (Nov)

Source: Bloomberg, ICICI Direct Research

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Source: Bloomberg, ICICI Direct Research

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