

January 14, 2021

Other Product offerings

Derivatives Strategy

Underlying	Action
Adani Ports	Buy

Duration : 1-2 months

Quant (Derivatives) Pick

Underlying	Action
Dabur India	Buy
Cipla	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 STABAN JAN Fut at ₹ 308.00-308.50	SBI	311.3	315.8	305.3	Intraday
Sell UNIP JAN Fut at ₹ 494.00-495.00	UPL	487.6	477.2	501.4	Intraday
Buy ESCORT JAN Fut at ₹ 1334.00-1339.00	Escorts	1425.0	-	1288.0	Weekly

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Intraday Outlook: Buy Bank Nifty in the range of 32500-32550

Index Outlook

Nifty Future

- ❖ The Nifty is expected to trade between 14200 and 14700 amid high volatility. Sell Nifty 14800 Call (January 21 expiry) in the range of ₹ 67-69 Target: ₹ 53-43 Stop loss : ₹ 83

Bank Nifty Future

- ❖ On Wednesday, the Bank Nifty consolidated throughout the day with stock specific action. However, outperformance was seen in PSU and select private banks, helping Bank Nifty futures to trade above 32500. The Bank Nifty option structure indicates that it is likely to consolidate above 32000 with a positive bias. Buy Bank Nifty in the range of 32500-32550, Target: 32750-32900, Stop loss: 32350

F&O Highlights

- ❖ For a major part of the day, the Nifty consolidated with 14550 acting as a midpoint amid high volatility. Buying in banking and select auto helped the Nifty to recover from its day's low. On the options front, aggressive additions were seen in 14600 and 14700 Call strike. We feel a consolidation move will take place before crossing the 14700 hurdle

Stock Analysis

Long build-up/short covering: Bank of Baroda, SBI, Mahindra & Mahindra, DLF, Adani Ports and Tata Chemical

Short build-up/profit booking: UPL, Bajaj Finance, Biocon, Exide, HDFC Ltd, Asian Paints and Titan Company

FIs & DII Action

- ❖ FIs bought ₹ 1879 crore while DIIs sold ₹ 2370 crore in the cash segment. FIs sold index futures worth ₹ 976 crore while in index options they bought ₹ 5960 crore. In the stock futures segment, they sold ₹ 1285 crore

Intraday Recommendations

i) SBI		ii) UPL	
Buy STABAN JAN Fut at ₹ 308.00-308.50		Sell UNIP JAN Fut at ₹ 494.00-495.00	
CMP: 308		CMP: 495	
Target 1: 311.3	Target 2: 315.8	Target 1: 487.6	Target 2: 477.2
Stop Loss: 305.3		Stop Loss: 501.4	

Note:

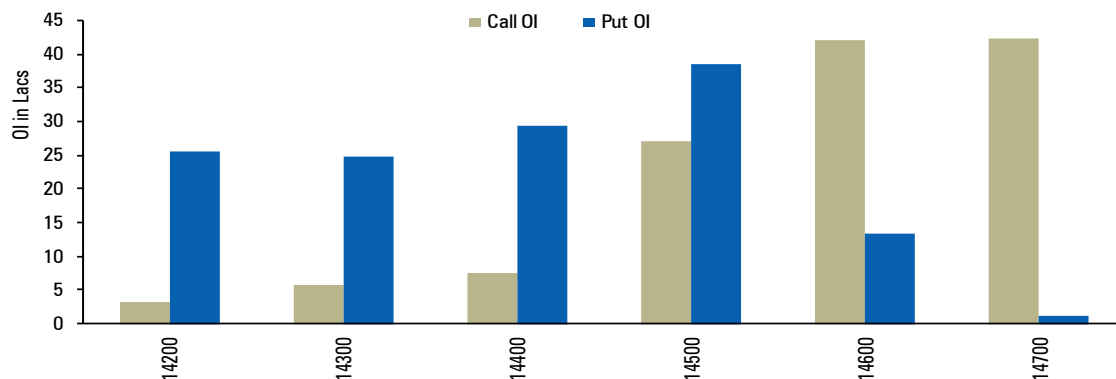
Note: Call initiation message will be broadcast on iclick-2-gain, if it is not initiated in opening session, then we might initiate with revise levels on iclick-2-gain.

Highlights of the last session & Pivot Levels

	Spot	Fut	Basis	Future OI	PCR OI	PCR Vol	ATM IV
Current	14565	14606	41	14600625	1.72	1.48	23.29
Previous	14565	14598	33	15205050	1.82	1.37	22.85
Change (%)	0.00%	0.05%	-	-3.98%	-	-	1.89%
	S3	S2	S1	Piv	R1	R2	R3
Nifty future	14351	14397	14501	14581	14685	14765	14811
Bank Nifty future	31931	32058	32371	32565	32878	33072	33198

Nifty futures ended at a premium of 41 points while IV rose by 2%

Weekly Nifty Options OI build-up



The major Put base is at 14500 strike with almost 38 lakh shares while the major Call base is at the 14700 strike with almost 42 lakh shares

Strategy follow up

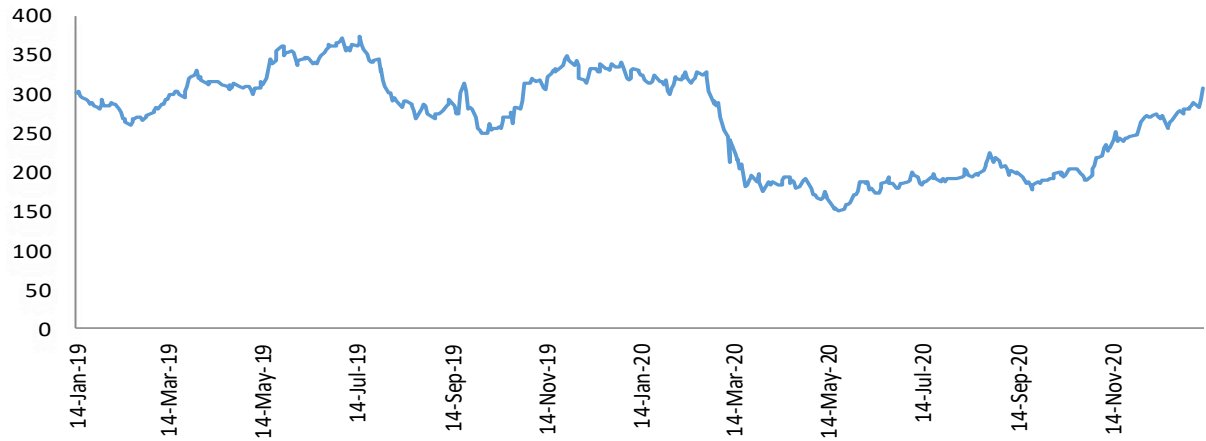
Date	Stock	View	Strategy	Reco	Target	SL	P&L	Comment
13-Jan-21	COALIN	Buy	Long Fut	148.3	150.4	146.1	-	Not initiated
13-Jan-21	TITIND	Sell	Short Fut	1534.5	1522.5	1546.5	-	Not initiated

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.

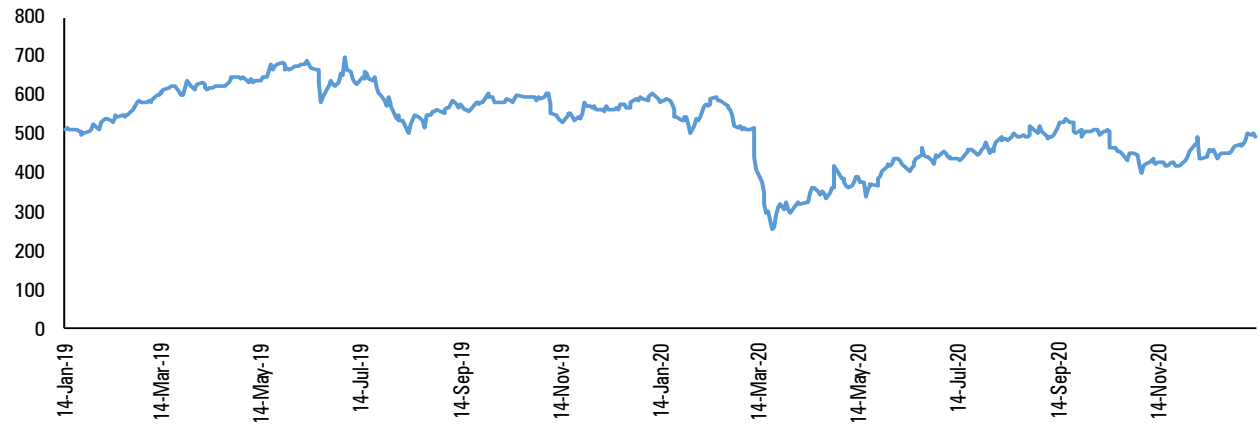
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Source: NSE, Seediff, Bloomberg ICICI Direct Research

SBI



UPL



Source: NSE, Seediff, Bloomberg ICICI Direct Research

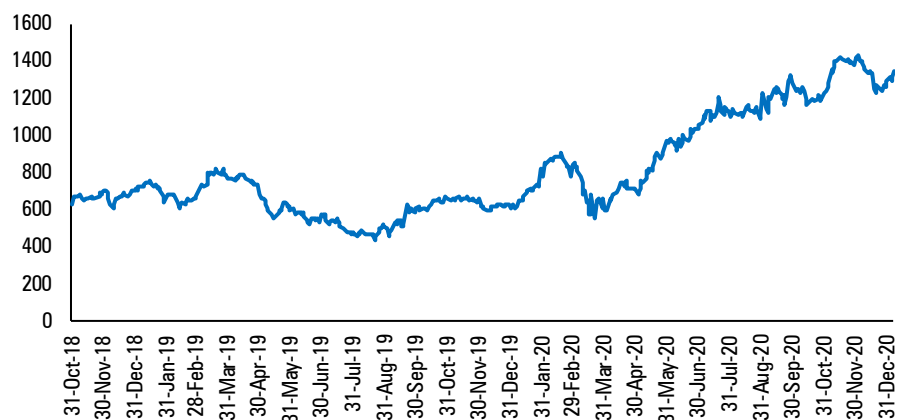
Weekly future recommendation:

Long Escorts (ESCORT) January future in range of ₹ 1334-1339; Target: ₹ 1425; Stop Loss: ₹ 1288

Rationale

Auto stocks remained in focus post its monthly numbers and towards the later part of the week, most auto stocks saw positive price action. Last month, Escorts tested its Put base of 1200 but managed to revert sharply. Fresh long accumulations was observed from lower levels and as the series progressed OI has moved to the highest seen since March. Delivery based volumes rose near ₹ 1300, which is a positive sign. We feel Escorts could be the stock for the week for upside target of ₹ 1425.

Price performance



Recommendation follow up

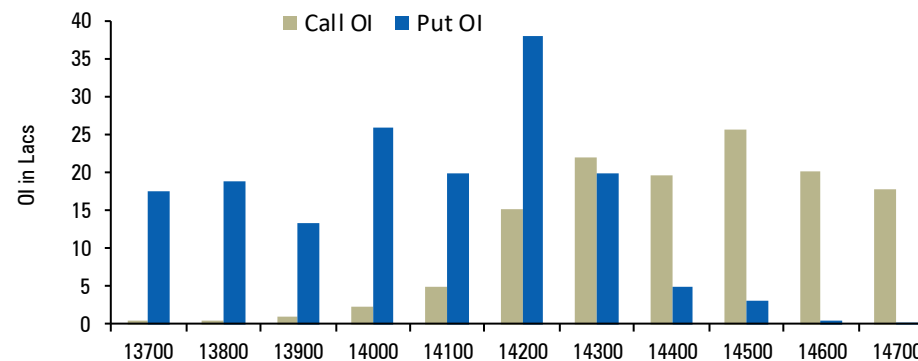
Underlying	View	Strategy	Reco	Target	Stoploss	Profit/Loss	Comment
Lupin	Bullish	Long Futures	1007	1065	968	19550	Profit Booked

Source: Bloomberg, ICICI Direct Research

Momentum likely to continue in broader markets with Nifty support at 14100...

- The Nifty consolidated around 14100 during most of the week and extended gains on Friday as it move towards 14300. At the same time, broader markets saw continued move as Nifty midcap index retested its life-time highs after almost 21 months. Another round of stimulus in the US has triggered a move, which is primarily visible in midcap and small cap space. During the week, the Nifty gained almost 2% while midcap and small cap indices outperformed with gains of 5% and 4%, respectively
- From the options space, ATM 14200 Put strike holds the highest Put base followed by 14000 strike. We believe levels around 14100 should be immediate support for the index. On the higher side, 14500 strike holds the highest Call base followed by 14300. Hence, positive bias towards 14500 should be maintained till the Nifty holds 14100
- The volatility index remained near 20 levels due to heightened volatility seen during the week. With significant Put writing seen in last couple of weeks, the Put Call ratio has increased substantially and any profit booking in market may increase volatility levels towards 23. However, only a move above 23 should be considered as a sign of caution
- Sectorally, technology stocks should be in focus due to their quarterly results. Moreover, FII activity should also be keep under watch as the buying figure has reduced gradually in the last couple of weeks

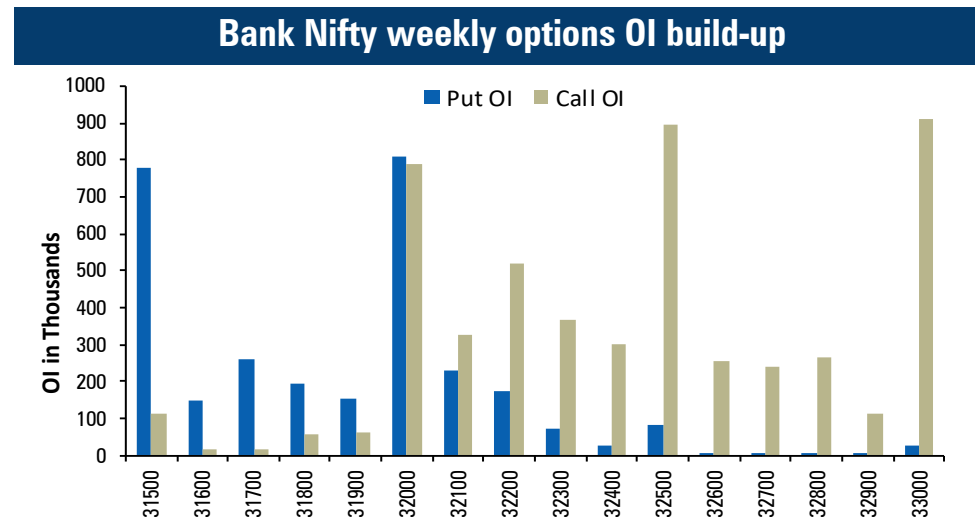
Nifty options OI build-up



Source: Bloomberg, ICICI Direct Research
January 14, 2021

Bank Nifty: Likely to test 33000 on upsides...

- The banking index rallied almost 1200 points last week as Axis Bank and IndusInd Bank relatively outperformed whereas supportive action was seen from HDFC Bank along with Kotak Bank. Compared to heavyweights, midcap banking stocks did well where IDFC Bank was the leader followed by RBL Bank
- The Bank Nifty was finding it difficult to move above 32000 due to presence of Call writers. However, in the last two sessions, bulls have been dominating while index is sustaining above 32000 suggesting further upsides
- At the start of the week, the Bank Nifty saw long OI block of 23%, which is the bottom for the week. We feel this position has been formed near 31300, which could act as a base for the coming week. ATM strike of 32000 followed by 31500 strike saw decent OI blocks during the week. We believe index has multiple support at lower levels whereas on upside it could rally towards its Call base of 33000
- The current price ratio of Bank Nifty/Nifty moved higher to 2.26 levels. On the back of outperformance in banking stocks, this ratio could further move higher towards 2.3 levels



Source: Bloomberg, ICICI Direct Research

FII buying keeps momentum intact...

- FII flows continued in the new year as well albeit at a reduced pace and buying seen across emerging market equities. Expectations of further stimulus provided fresh boost to market sentiments. Democrats have taken control of both Senate and House of Representative post US elections. The flows in riskier assets have increased further as bond yields have moved to their highest levels since March
- FII remained net buyers last week as well and poured another ₹ 4725 crore in equities. Despite the reduced pace, the FII buying continued while markets continue to rise. The major moves were seen in the midcap space, which tested fresh life-time highs during the week. On the other hand, domestic institutions remained net sellers and sold almost ₹ 1516 crore in equities during the week
- In the F&O space, FIIs remained net buyers but activities have declined considerably. While they bought just ₹ 206 crore in index futures, they also bought to the tune of ₹ 1291 crore in the stock futures segment during the week. At the same time, FIIs bought index options worth ₹ 8456 crore during the week
- The risk on rally also seen in the commodity space and they remained buoyant last week as well despite dollar remained largely range bound. Nymex crude moved above \$51 levels, which is the highest levels for it since February. Meanwhile it was able to surpass its highest Call base of 50. The ongoing momentum might continue till it is trading above \$50

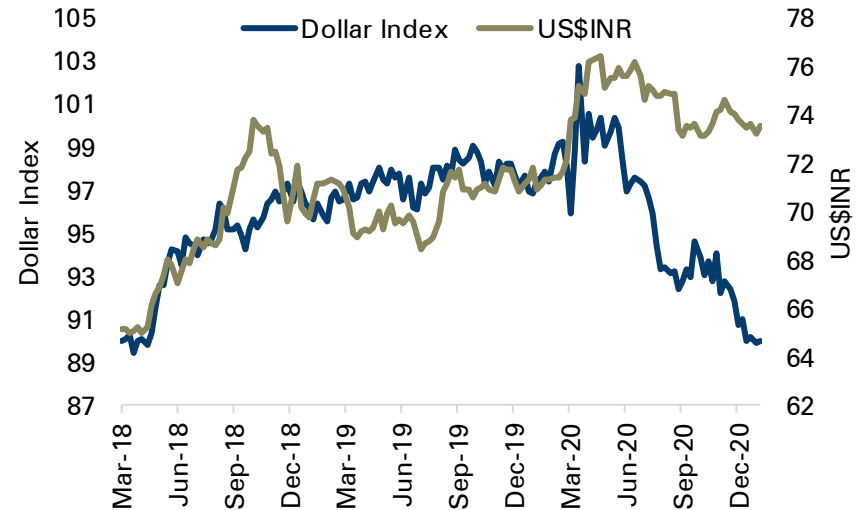
FII/DII buying in equities (in ₹ crore)					
Date	FII				DII
	Index Fut	Stock Fut	Index Opt	Cash	Cash
1-Jan	-265	524	1502	1173	69
4-Jan	943	781	807	3136	-715
5-Jan	-176	-111	-1931	1344	-490
6-Jan	-295	97	8078	-337	-380
7-Jan	217	171	2725		-989

Source: Bloomberg, ICICI Direct Research

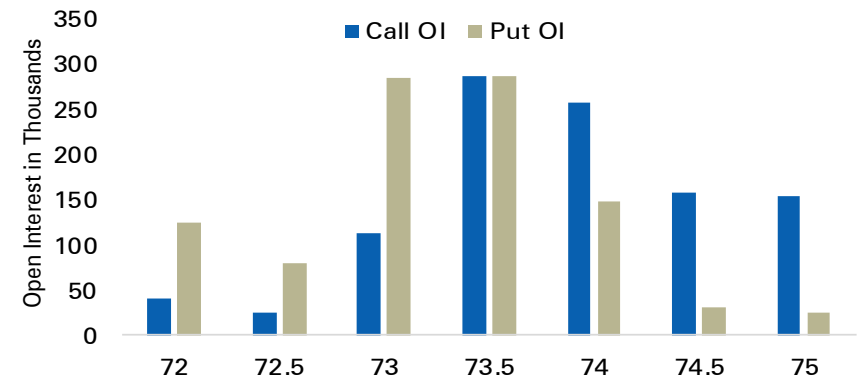
Rupee to appreciate towards 73.00 level..

- US\$INR futures recovered gradually for most of the week as a bounce in dollar index supported the pair and kept pressure on the rupee
- The dollar index bounced from its two years low of 89.16 as investors looked at the potential for an economic rebound in upcoming quarters and a rise in US yields triggered some unwinding of bearish bets on the currency.
- Democrats won effective control of the Senate this week, giving President-elect Joe Biden scope to push through more spending, which will be negative for bonds and the dollar
- Overall, we expect the rupee to appreciate towards 73.00 level as positive domestic equities along with weakening trend of the dollar index may put pressure on the pair

Dollar Index vs. US\$INR



US\$INR Options Build-up



Weekly Pivot Levels					
Futures	S2	S1	Pivot	R1	R2
US\$INR (Jan)	72.75	73.16	73.48	73.90	74.22
US\$INR (Feb)	73.08	73.42	73.61	73.95	74.14
EURINR (Jan)	89.02	89.48	89.94	90.40	90.86
EURINR (Feb)	89.01	89.60	90.29	90.88	91.57
GBPINR (Jan)	99.00	99.41	99.81	100.22	100.62
GBPINR (Feb)	99.13	99.60	100.13	100.60	101.13
JPYINR (Jan)	70.22	70.50	70.94	71.22	71.65
JPYINR (Feb)	70.47	70.73	71.12	71.38	71.78

Source: Bloomberg, Reuters, ICICI Direct Research

Forthcoming Events...

Date & Time (IST)	Country	Data & Events
Tuesday, January 12, 2021		
5:30 PM	US	EIA Short-Term Energy Outlook
8:30 PM	US	JOLTs Job Openings (Nov)
Wednesday, January 13, 2021		
7:00 PM	US	Core CPI (MoM) (Dec)
Thursday, January 14, 2021		
6:00 PM	Euro Zone	ECB Monetary Policy Statement
Friday, January 15, 2021		
12:30 PM	UK	GDP (MoM)
12:30 PM	UK	Manufacturing Production (MoM) (Nov)
12:30 PM	UK	Monthly GDP 3M/3M Change
7:00 PM	US	Core Retail Sales (MoM) (Dec)
7:00 PM	US	PPI (MoM) (Dec)
7:00 PM	US	Retail Sales (MoM) (Dec)

Source: Bloomberg, ICICI Direct Research

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Source: Bloomberg, ICICI Direct Research

January 14, 2021

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