

September 22, 2020

Other Product offerings

Derivatives Strategy

Underlying	Action
Duration : 1-2 months	

Quant (Derivatives) Pick

Underlying	Action
Wipro	Buy
Grasim	Buy
Duration : 1-3 months	



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Derivatives View

[Daily view](#)

[Weekly view](#)

Stock recommendations in the report

Action	Scrip	Target 1	Target 2	Stoploss	Time frame
Buy TORPOW SEP Fut at ₹ 326.00-327.00	Torrent Power	329.5	334.0	323.5	Intraday
Sell JSWSTE SEP Fut at ₹ 270.00-270.60	JSW Steel	267.0	262.0	273.6	Intraday
Buy DABIND SEP Fut at ₹ 505.00-510.00	Dabur India	545.0	-	486.0	Weekly
Sell BRIIND OCT Fut at ₹ 3695.00-3715.00	Britannia	3520.0	-	3820.0	2-3 Weeks

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Index Outlook

Nifty Future

- ❖ The Nifty is expected to trade between 11000 and 11500 amid high volatility. Sell Nifty 11400 Call (September 24 expiry) in the range of ₹ 40-42 Target: ₹ 26-16 Stop loss : ₹ 56

Bank Nifty Future

- ❖ After consolidating for a major part of the day with stock specific activity, the index fell sharply and moved below its major Put base of 21500. Closure was also seen in ATM strikes, which provided more force to the down move. We feel that if the index manages to sustain below 21500, then another 500-800 points of down move can be seen during settlement week. Sell Bank Nifty in the range of 21350-21450 Target:21100-20800, Stop loss: 21550

F&O Highlights

- ❖ A global equity market sell-off dragged the Nifty on a second consecutive session on Monday making it one of the worst declines amid rising concerns over a second wave of Covid-19 in Europe. Throughout the day, it remained negative as consistent selling was seen in banking, metal and FMCG stocks. If the Nifty is unable to hold 11200, which also commands significant OI, then more downsides can be seen in coming days

Stock Analysis

Long build-up/short covering: TCS, Infosys, Torrent Power and Kotak Mahindra Bank

Short build-up/profit booking: IndusInd Bank, JSW Steel, Tata Steel, Hindustan Unilever, DLF, Britannia and Tata Motors

FII's & DII Action

- ❖ FIIs sold ₹ 540 crore while DIIs sold ₹ 518 crore in the cash segment. FIIs bought index futures worth ₹ 432 crore while in index options they sold ₹ 788 crore. In the stock futures segment, they sold ₹ 330 crore

Intraday Recommendations

i) Torrent Power		ii) JSW Steel	
Buy TORPOW SEP Fut at ₹ 326.00-327.00		Sell JSWSTE SEP Fut at ₹ 270.00-270.60	
CMP: 324		CMP: 270	
Target 1: 329.5	Target 2: 334	Target 1: 267	Target 2: 262
Stop Loss: 323.5		Stop Loss: 273.6	

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.

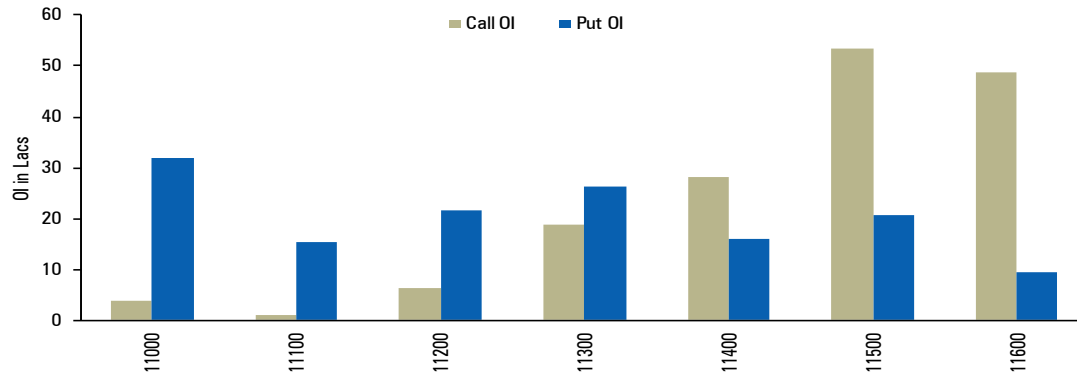
Highlights of the last session & Pivot Levels

	Spot	Fut	Basis	Future OI	PCR OI	PCR Vol	ATM IV
Current	11250	11256	6	10981575	0.74	0.94	22.19
Previous	11505	11515	10	11707650	1.02	1.00	20.04
Change (%)	-2.22%	-2.25%	-	-6.20%	-	-	9.69%

	S3	S2	S1	Piv	R1	R2	R3
Nifty future	10732	11034	11145	11336	11447	11638	11940
Bank Nifty future	19932	20767	21078	21602	21913	22437	23272

Nifty futures ended at a premium of 6 points while IV rose 10%

Weekly Nifty Options OI build-up



The major Put base is at the 11500 strike with almost 33 lakh shares while the major Call base is at the 11500 strike with almost 53 lakh shares

Strategy follow up

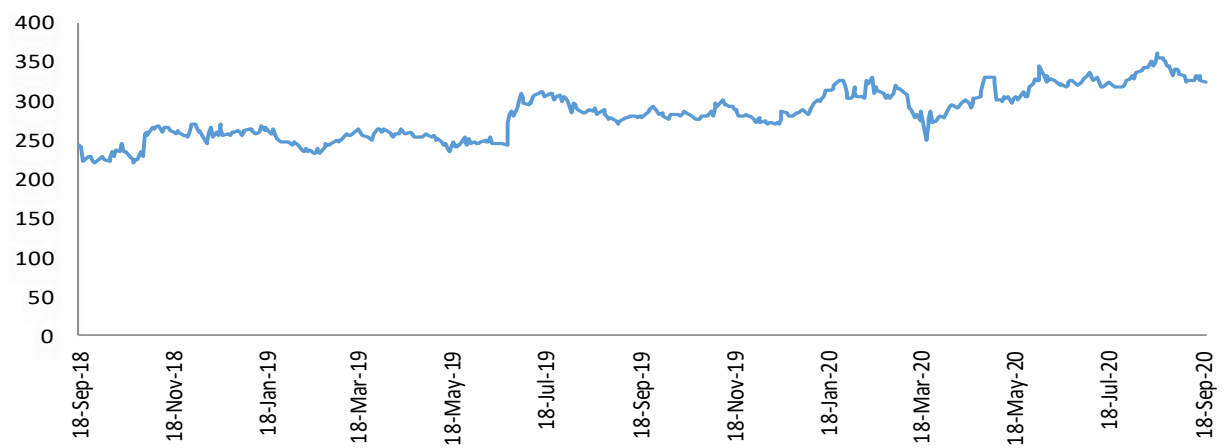
Date	Stock	View	Strategy	Reco	Target	SL	P&L	Comment
21-Sep-20	GRASIM	Buy	Long Fut	746.0	756.0	736.0	-	Not initiated
21-Sep-20	BAJFI	Sell	Short Fut	3477.0	3441.0	3513.0	-	Not initiated

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.

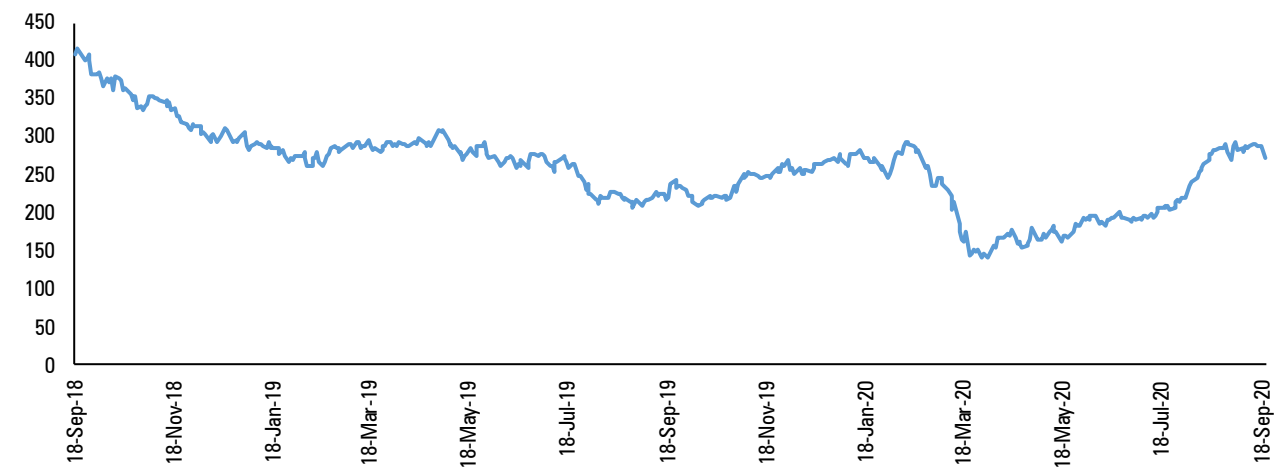
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Source: NSE, Seediff, Bloomberg ICICI Direct Research

Torrent Power



JSW Steel



Source: NSE, Seediff, Blox
September 22, 2020

Positional Recommendation

Date	Stock	View	Initiation Range	Target	Stoploss	Time Frame	Expiry
21-Sep-20	Britannia	Sell	₹ 3695.00-3715.00	₹ 3520	₹ 3820	2-3 Weeks	October

Britannia



Recommendation follow up

Date	Stock	View	Initiation Range	Target	Stoploss	Profit/ Loss	Comment
17-Sep-20	L&T	Buy	₹ 914-918	₹ 975	₹ 895	-11550	SI triggered

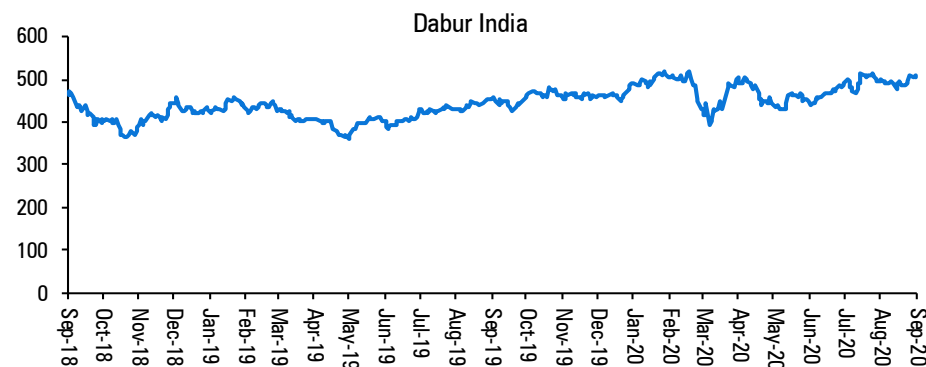
Weekly future recommendation:

Long Dabur India (DABIND) September future in the range of ₹ 505-510. Target: ₹ 545; Stop Loss: ₹ 486

Rationale

In the ongoing consolidation around 11500, stocks specific high volatility is evident. While most FMCG stocks failed to participate in the recent up move, Dabur India has seen continued buying support at every decline. The stock had a significant Call base at 500 and 510 strikes for the September series while closure of Call writing positions was seen in the last session indicating expectations of a continued up move. Even the open interest has risen sharply in the last few sessions suggesting long build up. We expect the current uptrend to find momentum in the coming sessions. It is likely to move towards ₹ 540 in the near term.

Price performance



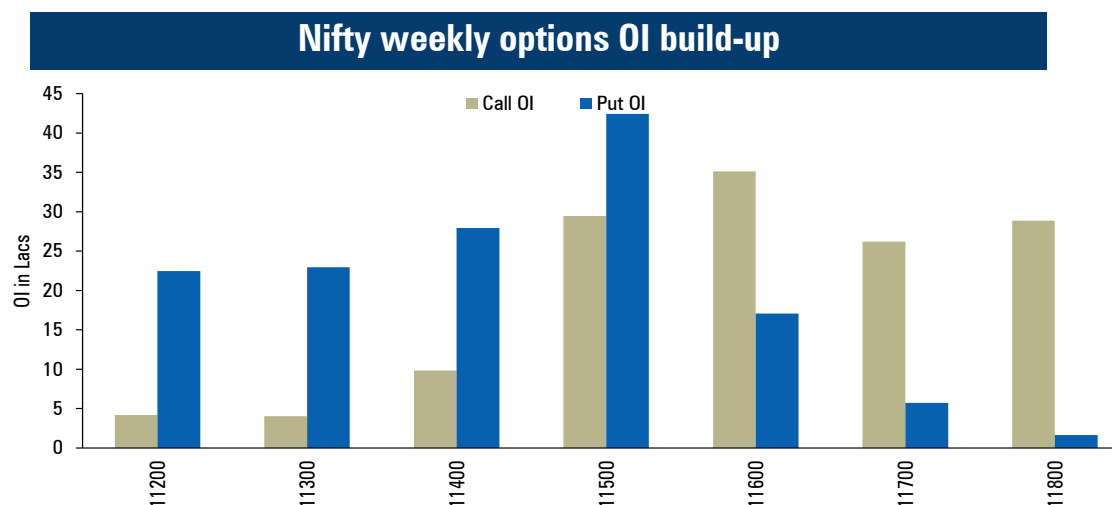
Recommendation follow up

Underlying	View	Strategy	Reco	Target	Stoploss	Profit/Loss	Comment
Max Financials	Bullish	Buy Future	590	635	565	-	Not Initiated

Source: Bloomberg, ICICI Direct Research

Nifty likely to consolidate around 11500 in expiry week...

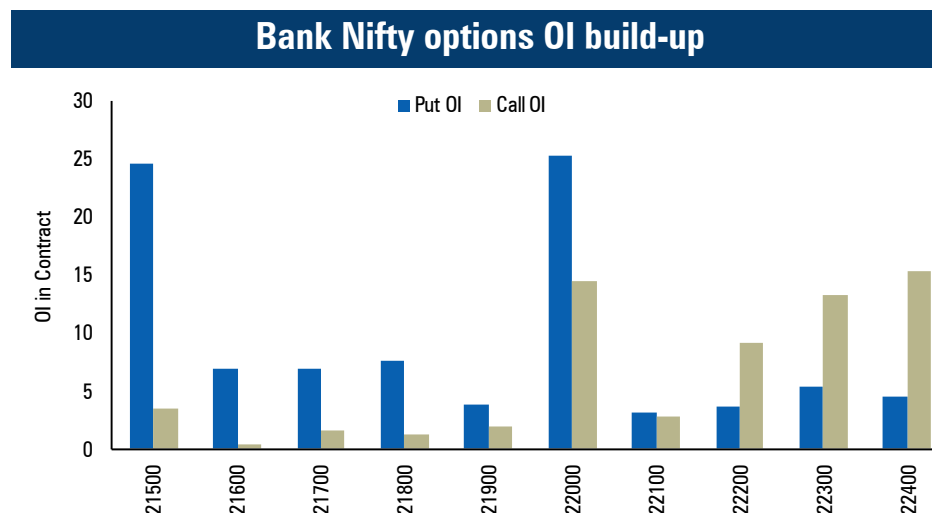
- The positive bias prevailed in the Nifty last week where it managed to test 11600. However, due to profit booking in a few heavyweights at higher levels, the Nifty could not hold on to its gains
- Reliance Industries remained muted whereas selling was seen in metals, FMCG, HDFC Ltd and banking stocks. IT, auto and pharma continue to do well, which provided a cushion to the index at lower levels
- After a long time, the Nifty saw above average additions in ATM Straddle (11500 Call & Put) for the main expiry week. The combined premium for this straddle is near 200 whereas IVs continued to decline and slipped below 20 levels last week. We feel the index would consolidate for a few sessions with strong support for the week pegged at 11300
- Volatility is expected to be high this week due to rollovers while major trigger in stocks would be based on the quantum of rollover. However, the overall bias for the index remains positive until it holds 11300. We feel pharma, IT, select metals and capital goods would do well in this consolidation



Source: Bloomberg, ICICI Direct Research
September 22, 2020

Bank Nifty has strong support at 22000...

- In the current leg of consolidation, the Bank Nifty continued to remain a laggard as it failed to find any sustainable momentum despite most private banks being near their support and highest Put base for the September expiry at 22000 levels
- A sharp sell-off was seen on the last day of the week due to which the Bank Nifty slipped below 22000. However, towards the end, on the back of OTM Put writing, the index managed to close well above 22000 along with a rise in premium over spot
- IVs continued to remain choppy despite sharp whipsaws last week whereas major OI concentration for the week was seen at 22000 Put strike, which is very important for the Bank Nifty. We feel a sell-off could be seen only if the index manages to close below 22000
- On the last day of the week, the rupee also saw huge volatility. However, the major Call OI writing is at 74 strike Call, which is the hurdle zone. We feel the rupee would continue to appreciate, which will provide a sentimental boost to BFSI



Source: Bloomberg, ICICI Direct Research

FII buy significantly in market bounce back...

- The Nifty rebounded strongly during the week and consolidated above 11500. Broader markets also rebounded strongly and saw continued buying. However, global markets remained volatile with some profit booking being observed post the FOMC policy. Significant buying by FIIs in the equity segment helped Indian indices to outperform last week. Technology and pharma sectors have seen heavy money flows in the last few sessions
- FIIs turned positive again despite volatility being seen in the global markets. They bought almost ₹ 5158 crore in Indian equities. Meanwhile, domestic institutions continued to exit at higher levels and sold another ₹ 3020 crore in equities last week. The domestic institutions have been net sellers since mid July and are selling continuously in the equity space. For September, net FII investment in equities has turned positive again. They have bought around ₹ 1897 crore while they bought ₹ 2327 crore in the debt markets
- In F&O space, activities were mixed on the FII front. While they sold worth ₹ 2299 crore in index futures, they also sold to the tune of ₹ 2527 crore in the stock futures segment during the week. However, FIIs bought ₹ 4394 crore in index options during the week
- Brent continued to find selling pressure at higher levels and largely hovered below \$40 levels, declining more than 12% during the month. The recent hurricane in the US, Hurricane Sally pushed crude marginally higher but selling pressure resumed at higher levels. Moreover, with relative dollar strengthening, dollar denominated commodities have seen some decline post the FOMC meet

FII/DII buying in equities (in ₹ crore)					
Date	FII				DII
	Index Fut	Stock Fut	Index Opt	Cash	Cash
11-Sep	-467.0	-238.0	351.0	2458.0	-724.0
14-Sep	-829.0	100.0	408.0	600.0	-120.0
15-Sep	84.0	-301.0	508.0	1855.0	-896.0
16-Sep	-414.0	-929.0	545.0	495.0	-212.0
17-Sep	-673.0	-1159.0	2582.0	-250.0	-1068.0

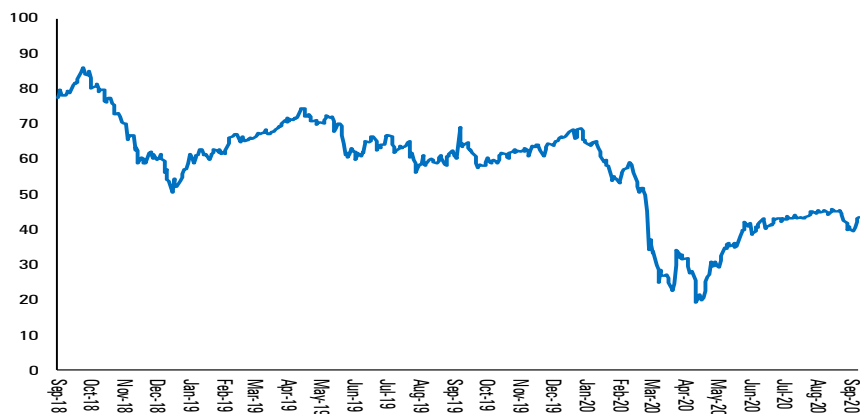
Source: Bloomberg, ICICI Direct Research

Rupee expected to appreciate further towards 72.70 level

- US\$INR futures remained in the flat to negative territory during the week as dollar weakening kept selling pressure on the pair along with positive domestic equities that contributed to appreciation in the rupee
- The dollar index extended overnight losses on Friday after data on Thursday pointed to a slowdown in the US economic recovery while riskier currencies gained
- Crude prices have recovered in the week as Opec+ nations have complied with the production cuts along with Hurricane Sally in the US Gulf of Mexico that disrupted some crude production
- We expect the rupee appreciation trend to continue in the term as a weaker dollar index along with positive domestic equities will keep selling pressure on the pair

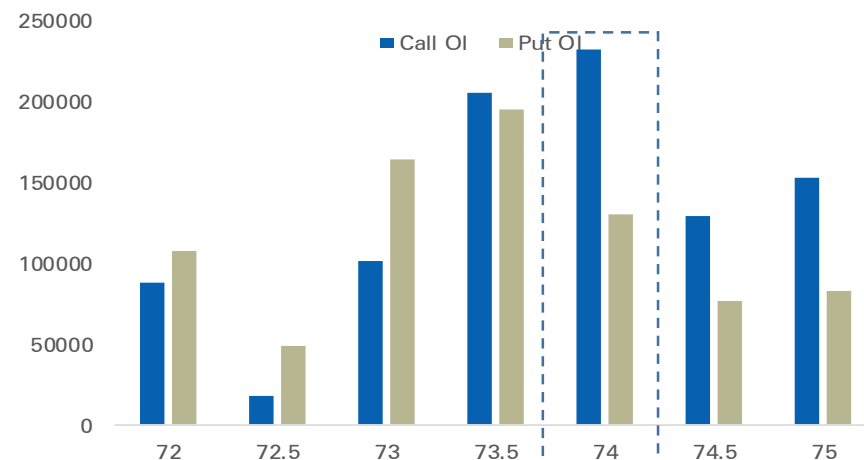
Weekly pivot levels					
Futures	S2	S1	Pivot	R1	R2
US\$INR (Sep)	72.66	73.08	73.64	74.06	74.61
US\$INR (Oct)	73.11	73.43	73.76	74.07	74.40
EURINR (Sep)	86.09	86.62	87.18	87.71	88.27
EURINR (Oct)	86.34	86.90	87.46	88.02	88.58
GBPINR (Sep)	93.43	94.42	95.05	96.05	96.68
GBPINR (Oct)	93.69	94.69	95.35	96.35	97.01
JPYINR (Sep)	68.67	69.50	70.05	70.88	71.42
JPYINR (Oct)	68.99	69.76	70.20	70.97	71.41

Brent crude...



Source: Bloomberg, Reuters, ICICI Direct Research

US\$INR options build-up



Forthcoming Events...

Date & Time (IST)	Country	Data & Events
September 21, 2020		
19:30	US	Fed Chair Powell Speaks
September 22, 2020		
13:00	UK	BoE Gov Bailey Speaks
19:30	US	Existing Home Sales (Aug)
20:00	US	Fed Chair Powell Testifies
September 23, 2020		
14:00	UK	Composite PMI
14:00	UK	Manufacturing PMI
14:00	UK	Services PMI
17:20	Japan	BoJ Monetary Policy Statement
20:00	US	Crude Oil Inventories
September 24, 2020		
18:00	US	Initial Jobless Claims
19:30	UK	BoE Gov Bailey Speaks
19:30	US	New Home Sales (Aug)
September 25, 2020		
18:00	US	Core Durable Goods Orders (MoM) (Aug)

Source: Bloomberg, ICICI Direct Research

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Source: Bloomberg, ICICI Direct Research

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