

Derivatives Strategy – Covered Call

Buy Voltas for target of ₹ 721

Few open Calls...

Derivatives Strategy

Underlying	Action
Voltas	Buy
Bajaj Finance	Buy
Axis Bank	Buy

Duration : 1-2 months

Recommendation in the report

Underlying	Action	Initiation Range	Target	Stop-loss	Time Frame
Voltas September future	Buy	684-689	721	655.5	till Sept expiry
Voltas September 710 Call	Sell	9-11			



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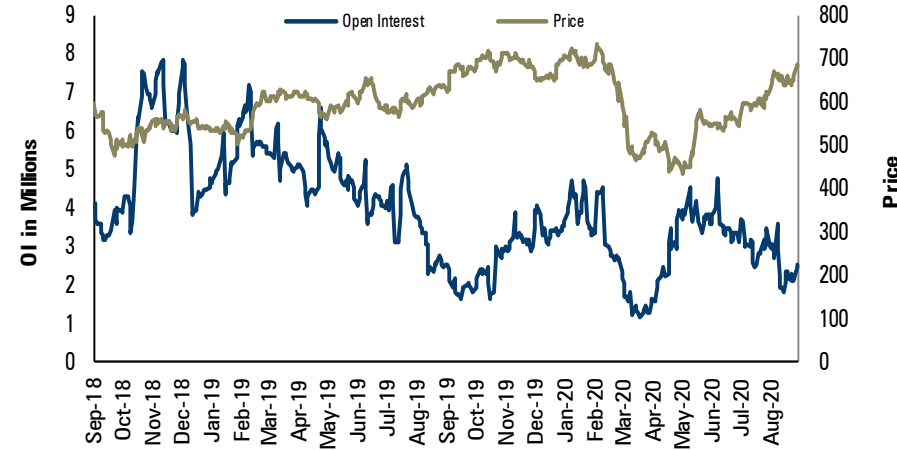
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Covered Call: Buy Voltas September future at ₹ 684-689 & Sell 710 Call at ₹ 9-11, Target: ₹ 721, Stop loss: ₹ 655.5, Time frame: Till September expiry

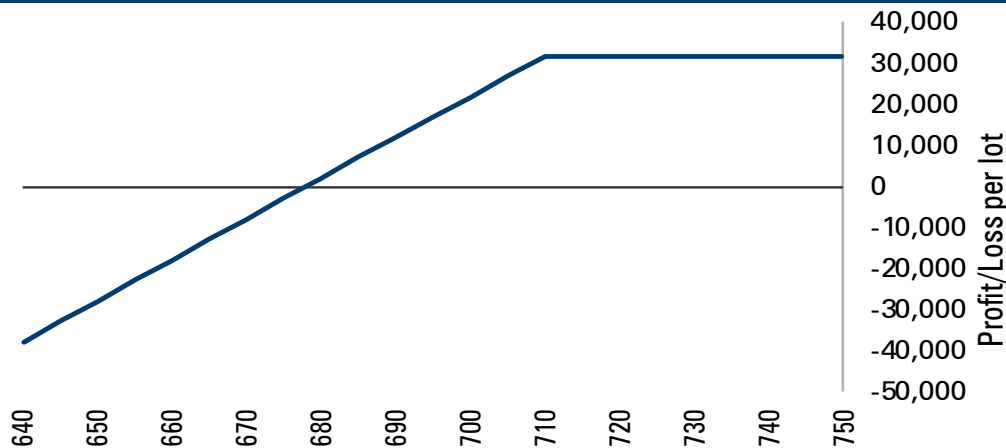


- Consumption theme remained in focus as the Nifty reverted from 11300 levels where leaders like Voltas outperformed among the pack
- On the back of expected pick-up in demand ahead of the festive season, Voltas moved sharply from ₹ 650 levels along with delivery pick-up
- From a broader prospective, the stock saw short covering since May 2020 where the OI closed almost 38%. However, as the new series started, Voltas started the month with relatively lower OI base and saw accumulation of positions at lower levels
- Sizeable Call OI base for the stock is placed at ₹ 700. However, no major OI additions were seen in the 700 Call despite a sharp move from ₹ 670 levels indicating no major Call writing
- We feel the stock is well placed to move above ₹ 700 levels on the back of fresh accumulation. Hence, we recommend forming a Covered Call strategy

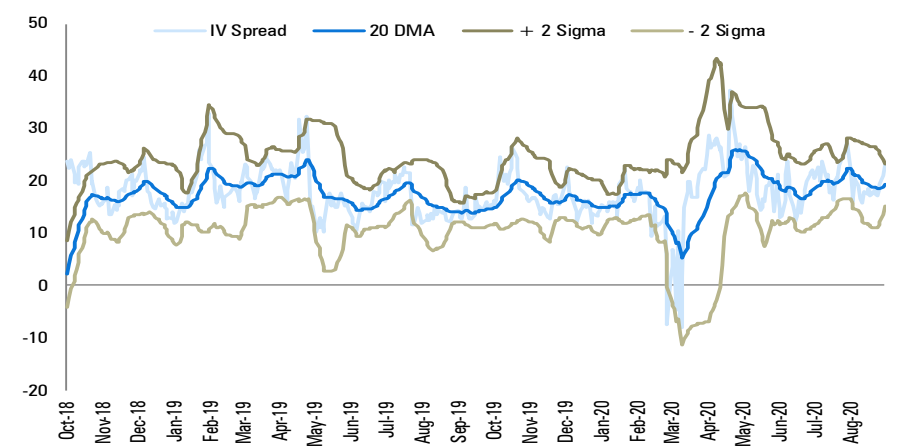
Price Chart



Strategy Pay-off



Stock – Nifty IV Spread



Source: NSE, Seediff, Bloomberg, ICICI Direct Research

Note : Recommendation given on Iclick2gain on September 16, 2020

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Source: Bloomberg, ICICI Direct Research

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