

April 26, 2021

# Derivatives View

[Daily view](#)

[Weekly view](#)

## Stock recommendations in report

Action	Scrip	Target 1	Target 2	Stoploss	Time frame
Buy BALIND APR Fut at ₹ 1698.00-1670.00	Balkrishna Industries	1721.5	1755.3	1676.5	Intraday
Sell ESCORT APR Fut at ₹ 1140.00-1142.00	Escorts	1124.6	1100.1	1157.4	Intraday
Buy NIFFIN APR Fut at ₹ 15300.00-15350.00	FINNIFTY	15600.0	15700.0	15100.0	Intraday
Buy SBILIF APR Fut at ₹ 915.00-920.00	SBI Life	985.0		884.9	Weekly

## Other Product offerings

### Derivatives Strategy

Underlying	Action
Biocon	Buy

Duration : 1-2 months

[Click here to see open calls](#)

### Quant (Derivatives) Pick

Underlying	Action
Sun Pharma	Buy
UPL	Buy
NTPC	Buy

Duration : 1-3 months

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# Intraday Outlook: Buy Bank Nifty in the range of 31300-31400

## Index Outlook

### Nifty Future

- ❖ The Nifty is expected to trade between 14000 and 14600 amid high volatility. Sell Nifty 13800 Call (April 29 expiry) in the range of ₹ 44-46 Target: ₹ 30-20 Stop loss : ₹ 60

### Bank Nifty Future

- ❖ On Friday, the Bank Nifty tried to sustain above 32000 but failed to hold at higher levels as it closed with a loss of more than 0.17%. Looking at options data, we expect the Bank Nifty to trade in the broader range of 31000 and 32000 where lower range should be used to create long position. Buy Bank Nifty in the range of 31300-31400 Target: 31700-31800 Stop loss: 31050

### F&O Highlights

- ❖ The Nifty continued to remain volatile but broader markets outperformed as both midcap and small cap indices closed with healthy gains. As per options data, 14000 Put option has noteworthy OI, where further fresh OI addition was seen. Hence, it should act as strong support area in case of fall

### Stock Analysis

**Long build-up/short covering:** PVR, HDFC Life, Balkrishna Industries, Trent, SBI Life, Aarti Industries and Lupin.

**Short build-up/profit booking:** Escorts, Gail, Mahindra and Mahindra, Hindalco, Bharti Airtel, Grasim and UPL

### FII & DII Action

- ❖ FIIs sold ₹ 1361 crore while DIIs bought ₹ 1696 crore in the cash segment. FIIs sold index futures worth ₹ 233 crore while in index options they bought ₹ 310 crore. In the stock futures segment, they bought ₹ 1297 crore

### Intraday Recommendations

i) Balkrishna Industries		ii) Escorts	
Buy BALIND APR Fut at ₹ 1698.00-1670.00		Sell ESCORT APR Fut at ₹ 1140.00-1142.00	
CMP: 1695.30		CMP: 1138.00	
Target 1: 1721.5	Target 2: 1755.3	Target 1: 1124.6	Target 2: 1100.1
Stop Loss: 1676.5		Stop Loss: 1157.4	

#### Note:

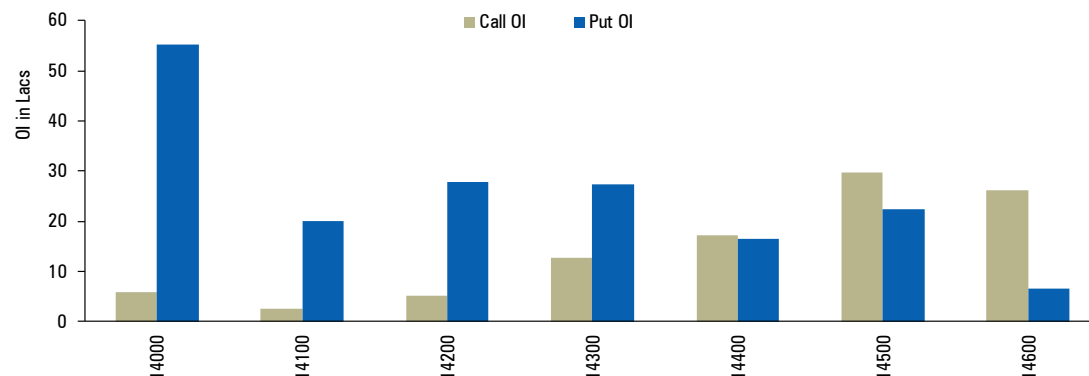
Note: Call initiation message will be broadcast on iclick-2-gain, if it is not initiated in opening session, then we might initiate with revise levels on iclick-2-gain.

## Highlights of the last session & Pivot Levels

	Spot	Fut	Basis	Future OI	PCR OI	PCR Vol	ATM IV
<b>Current</b>	14341	14339	-3	12421500	1.08	0.89	22.69
<b>Previous</b>	14406	14404	-3	12298425	1.17	0.96	23.02
<b>Change (%)</b>	-0.45%	-0.45%	-	1.00%	-	-	-1.45%
	S3	S2	S1	Piv	R1	R2	R3
<b>Nifty future</b>	14101	14152	14245	14357	14450	14562	14613
<b>Bank Nifty future</b>	30760	30958	31334	31752	32128	32545	32744

Nifty futures ended at a discount of 3 points while IV was down 1.45%

## Weekly Nifty Options OI build-up



The major Put base is at 14000 strike with 55 lakh shares while the major Call base is at the 14500 strike with 29 lakh shares

## Strategy follow up

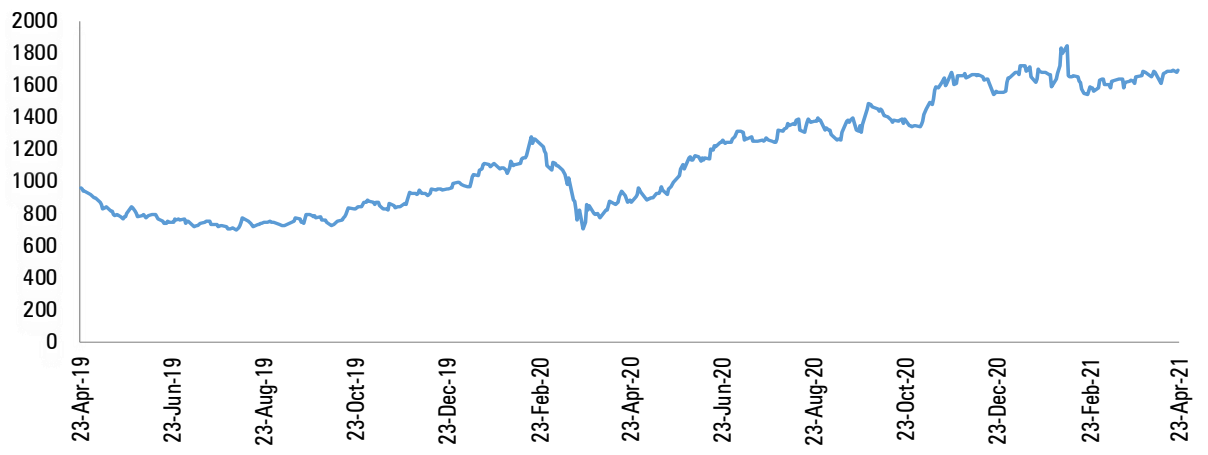
Date	Stock	View	Strategy	Reco	Target	SL	P&L	Comment
23-Apr-21	BAAUT	Buy	Long Fut	3682.5	3718.5	3646.5	-	Not initiated
23-Apr-21	VOLTAS	Sell	Short Fut	939.0	930.0	948.0	-	Not initiated

**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/stock calls.

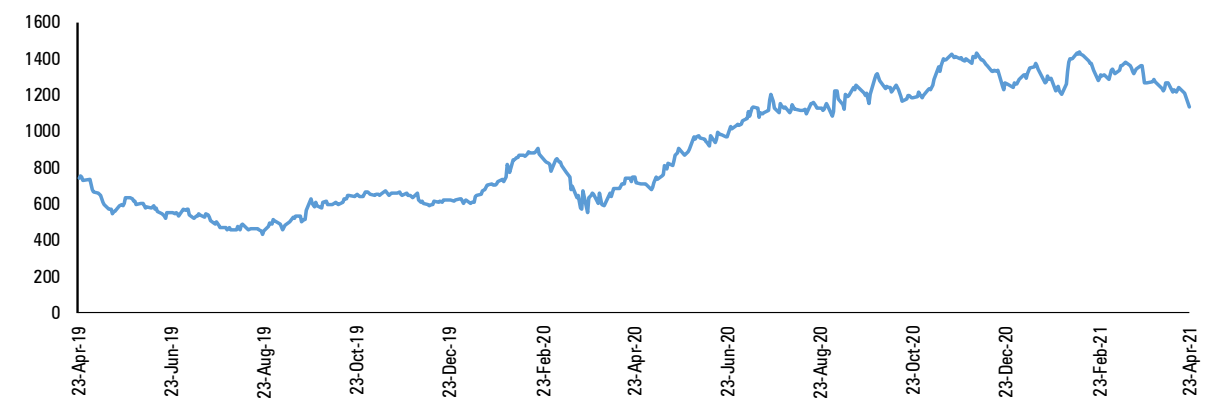
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Source: NSE, Seediff, Bloomberg ICICI Direct Research

## Balkrishna Industries



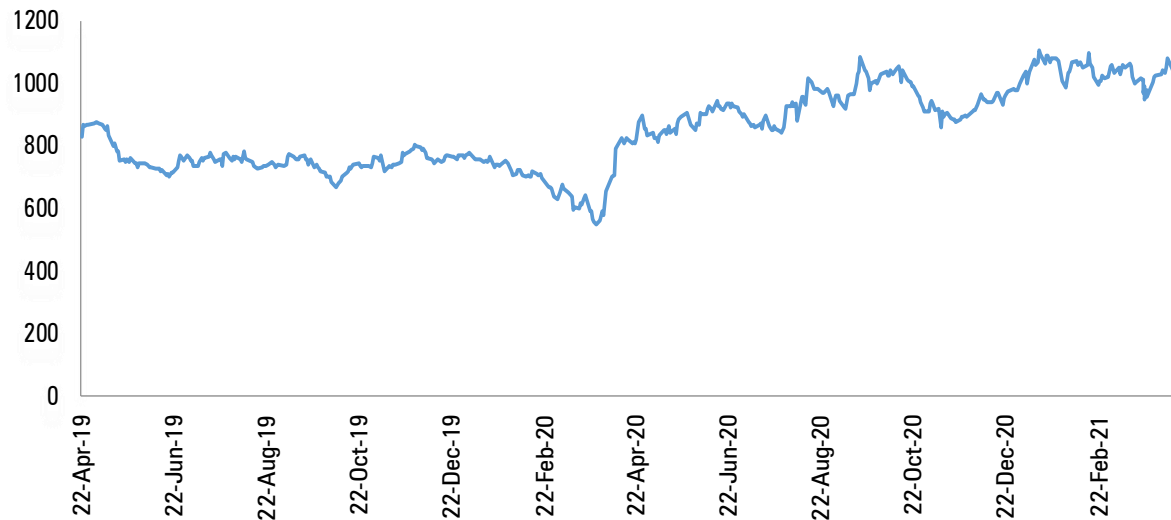
## Escorts



Source: NSE, Seediff, Bloomberg ICICI Direct Research

Recommendation follow up							
Underlying	View	Strategy	Reco	Target	Stoploss	Profit/Loss	Comment
Lupin	Bullish	Buy Futures	1084	1150	1040	-36125	Stop loss Triggered

## Lupin



Date	Stock	View	Initiation Range	Target	Stoploss	Time Frame
20-Apr-21	Lupin	Buy	₹ 1080.00-1084.00	₹ 1150	₹ 1040	1-2 Weeks

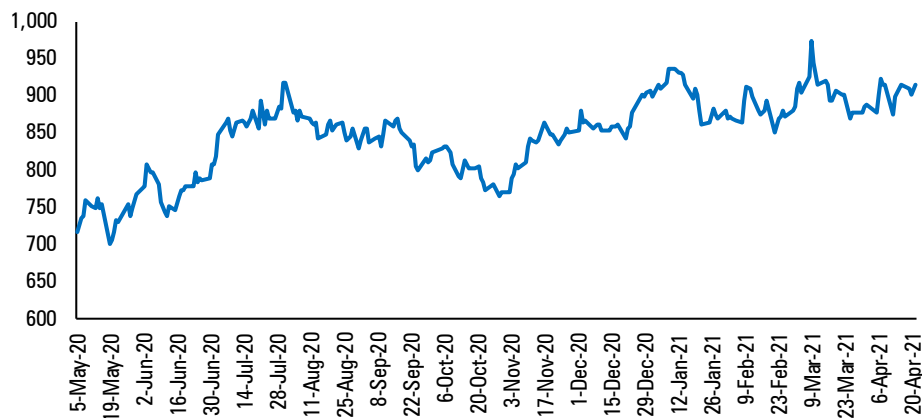
## Weekly future recommendation:

Long SBI Life (SBILIF) April future in range of ₹ 915-920; Target: ₹ 985; Stop Loss: ₹ 884.90

## Rationale

In the ongoing market volatility, select life insurance companies largely remained resilient and outperformed the markets. SBI Life is one such stock, which has largely consolidated above its highest Put base of 900 amid increased pick-up in delivery volumes. The open interest, which was formed in March where sharp moves were seen, has closed already. From the March series high, the OI in the stock is 35% lower indicating possibility of fresh long accumulations is possible. We feel the stock is well placed to move towards ₹ 985 levels in coming days.

### Price performance



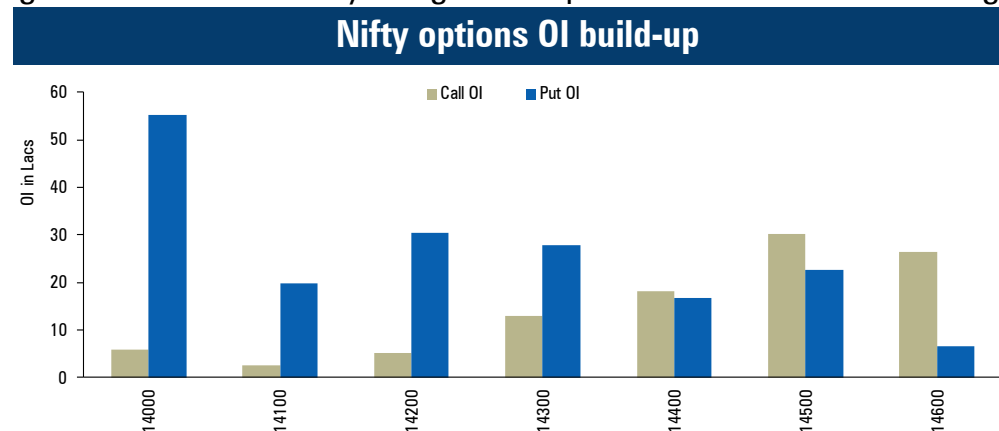
### Recommendation follow up

Underlying	View	Strategy	Reco	Target	Stoploss	Profit/Loss	Comment
Page Industries	Bullish	Buy Futures	30350.0	31480.0	29800.0	-16500	SL Triggered

Source: Bloomberg, ICICI Direct Research

# Nifty: Sustainability above 14600 crucial for fresh uptrend

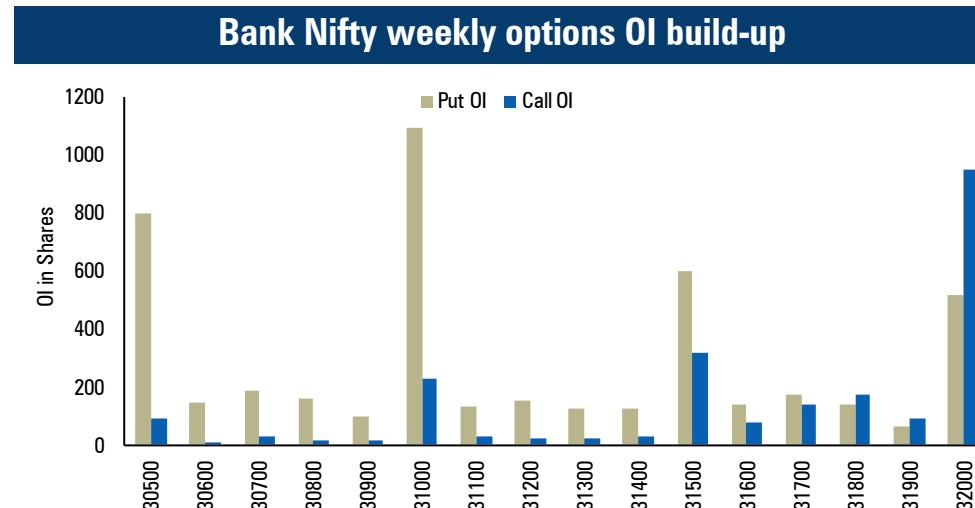
- The continued rising Covid cases have led to underperformance of Indian equities last week as well with respect to global markets. However, the Nifty consolidated largely above 14300, after witnessing another 500 points decline on Monday and closed the week negative. Meanwhile midcap and small cap indices closed the week with in the green amid significant sectoral churning
- On the data front, the Nifty has major Call base at the 14500 strike for the settlement week while the VWAP levels for the series are placed near 14600. In case of continued recovery, we believe 14600 should act as immediate hurdle for the index. At the same time, recent lows near 14200 are likely to provide immediate support to the indices on the lower side, below which declines may extend towards highest Put base of 14000
- Sectorally, as expected some short covering was experienced in the heavily beaten down stocks from the BFSI space. We expect the banking space to take the lead from here onwards in case of any recovery. Moreover, we may continue to witness some more consolidation in technology stocks in the coming sessions
- The volatility in the markets inched up last week and moved towards 23 levels. Current levels of volatility suggest a cautious sign, going ahead, and continued divergence from VWAP may bring further pressure in the market during settlement



Source: Bloomberg, ICICI Direct Research  
April 26, 2021

# Bank Nifty: Upside seems limited, reversal may only happen above 32500 levels...

- Volatility remained extremely high last week as broader moves were seen in the Bank Nifty. Since the past few weekly expiries, supportive actions were seen from beaten down stocks like banking and financials. However, it was unable to gauge momentum and made new lows. We feel similar action should be there for the week with upside trend reversal only being seen above 32500, which is a stiff hurdle
- A mixed bag of activity were seen from private players where supportive action was seen from HDFC Bank and Axis Bank whereas others remained muted. No major price action was there from PSU, which remained negative
- The highest Call base for the month is now at 32000 whereas the second highest base is at 32500, which remains the strong hurdle zone. Major support are for the index is at 30500. We feel this level can be violated if the index fails to move above 32500
- Underperformance in the banking space could continue due to which the current price ratio of Bank Nifty/Nifty could move towards 2.16 levels from 2.21



Source: Bloomberg, ICICI Direct Research



- Global markets remained largely positive while risk assets have shown no signs of any weakness. While US markets traded range bound during the week commodities continue to exhibit strength and moved to fresh 52 weeks high. However, emerging markets have seen some consolidation while India has seen some outflows amid sharp increase in Covid cases in the last couple of weeks
- FII turned net sellers in equities last week as well. While the Nifty and Bank Nifty closed the week almost flat and midcap stocks recovered after sharp sell-off seen in the penultimate week. However, amid sectoral rotation, banking stocks witnessed some rebound from lows. During the week, FIIs have sold nearly ₹ 4036 crore. However, domestic institutions have compensated for the selling and bought more than ₹ 5180 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 buyers in the index futures segment worth ₹ 489 crore, they also bought stock futures to the tune of ₹ 2028 crore during the week. At the same time, FIIs bought index options worth ₹ 8055 crore
- Nymex crude was unable to sustain the stated resistance of \$64 levels and reverted from those levels. However, recent dollar weakness has provided some strength. Till it does not move below its recent lows, ongoing consolidation should continue and buying can be done at every decline. The continued decline in inventories worldwide and weakness in the dollar has triggered the recent strength in Nymex crude

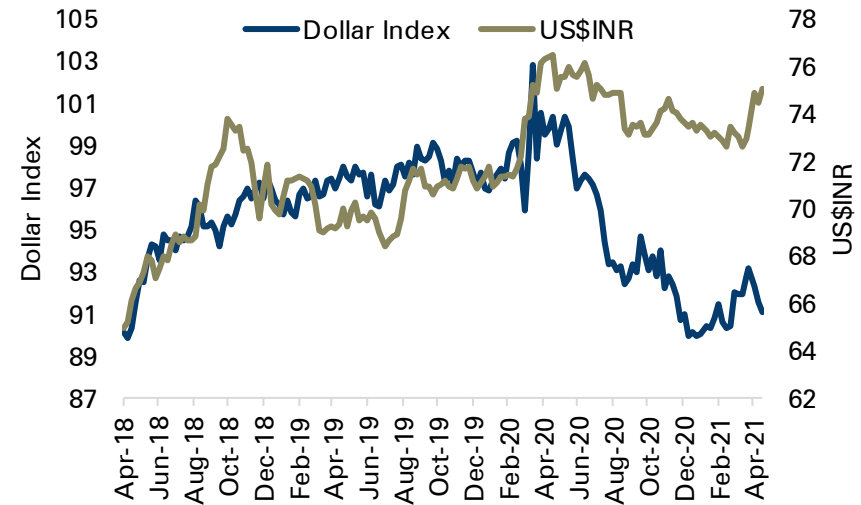
FII/DII buying in equities (in ₹ crore)					
Date	FII			DII	
	Index Fut	Stock Fut	Index Opt	Cash	Cash
16-Apr	55	1049	3128	-745	658
19-Apr	-310	346	-525	-1654	2356
20-Apr	307	-442	-2477	-728	1323
22-Apr	438	1075	7931	-910	850

Source: Bloomberg, ICICI Direct Research

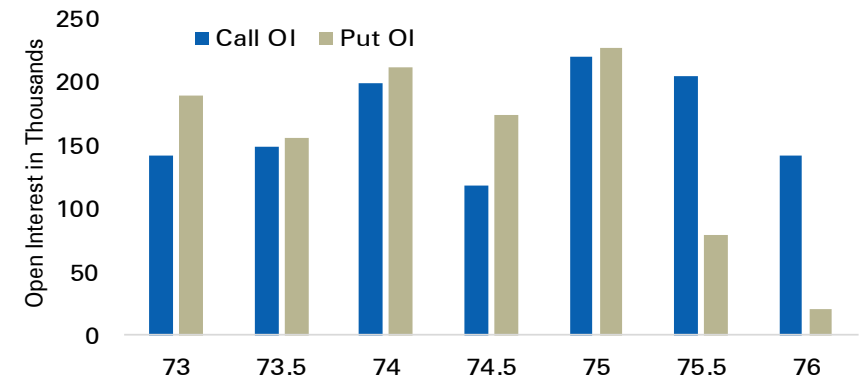
# Rupee: Likely to remain above 74.50 level...

- The rupee depreciated further last week despite weakening of the dollar as correction in domestic equities supported the pair
- The dollar index was hemmed into a narrow trading range near multi-week lows against its major peers, as traders contemplate the next moves by major central banks ahead of a US Federal Reserve meeting next week
- The euro nursed losses after European Central Bank President Christine Lagarde squashed expectations that policymakers will start to consider a tapering of bond purchases due to an improving economic outlook
- Overall, we expect the rupee to stay range bound above 74.50 levels as any major appreciation is unlikely in the near term. Moreover, Dollar index may also find fresh strength from here onwards

## Dollar Index vs. US\$INR



## US\$INR Options Build-up



## Weekly Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Apr)	74.11	74.55	75.01	75.45	75.91
US\$INR (May)	74.40	74.85	75.32	75.77	76.24
EURINR (Apr)	88.53	89.46	90.14	91.07	91.75
EURINR (May)	88.73	89.76	90.46	91.49	92.19
GBPINR (Apr)	102.12	103.04	104.09	105.01	106.06
GBPINR (May)	102.12	103.25	104.37	105.49	106.62
JPYINR (Apr)	68.18	68.82	69.33	69.98	70.49
JPYINR (May)	68.41	69.07	69.59	70.25	70.77

Source: Bloomberg, Reuters, ICICI Direct Research

Date & Time (IST)	Country	Data & Events
Monday, April 26, 2021		
6:00 PM	US	Core Durable Goods Orders (MoM) (Mar)
Tuesday, April 27, 2021		
8:30 AM	Japan	BoJ Monetary Policy Statement
8:30 AM	Japan	BoJ Outlook Report (YoY)
Tentative	Japan	BoJ Press Conference
7:30 PM	US	CB Consumer Confidence (Apr)
Wednesday, April 28, 2021		
8:00 PM	US	Crude Oil Inventories
11:30 PM	US	Fed Interest Rate Decision
12:00 AM	US	FOMC Press Conference
12:00 AM	US	FOMC Statement
Thursday, April 29, 2021		
6:00 PM	US	GDP (QoQ) (Q1)
7:30 PM	US	Pending Home Sales (MoM) (Mar)
Friday, April 30, 2021		
2:30 PM	Euro Zone	CPI (YoY) (Apr)

Source: Bloomberg, ICICI Direct Research

Date	Scrp	Action	Recommendation
12-Apr-21	Biocon	Buy	<b>Long/Short Strategy</b> : Buy BIOCON April Future at 418-420, Buy 420 Put at 14-15 and Sell 460 Call at 4-5 , Target: 460, Stop loss: 10-11 points, Time frame: Till April expiry

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*Source: Bloomberg, ICICI Direct Research*

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Date	Scrip	Action	Buy Price	Target	SL	CMP	%Ret	Time Frame
26-Feb-21	NTPC	Buy	105.5-107.5	122	98.5	103	-4.2%	1 months
04-Mar-21	Sun Pharma	Buy	625-635	738	570	638	0.9%	3 months
31-Mar-21	UPL	Buy	625-635	735	570	585	-7.8%	3 months
06-Apr-21	Torrent Pharma	Buy	2500-2550	2950	2300	2532	-0.7%	3 months
06-Apr-21	Godrej Consumer Products	Buy	715-730	855	655	699	-4.3%	3 months
07-Apr-21	SBI	Buy	353-359	410	324	336	-6.3%	3 months
15-Apr-21	HDFC Bank	Buy	1395-1415	1600	1298	1414	-0.1%	3 months

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Source: Bloomberg, ICICI Direct Research

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