

April 5, 2021

Other Product offerings

Derivatives Strategy

Underlying	Action
Asian Paints	Buy

Duration : 1-2 months

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Quant (Derivatives) Pick

Underlying	Action
Sun Pharma	Buy
UPL	Buy
United Breweries	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 KOTMAH APR Fut at ₹ 1818.00-1820.00	Kotak Mahindra Bank	1841.5	1875.3	1796.5	Intraday
Sell ESCORT APR Fut at ₹ 1278.00-1280.00	Escorts	1262.6	1238.1	1295.4	Intraday
Buy ITC APR Fut at ₹ 213.00-216.00	ITC	231.0		204.9	Weekly

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Intraday Outlook: Buy Bank Nifty in the range of 34100-34200

Index Outlook

Nifty Future

- ❖ The Nifty is expected to trade between 14700 and 15100 amid high volatility. Sell Nifty 14600 Put (April 8 expiry) in the range of ₹ 43-45 Target: ₹ 29-19 Stop loss : ₹ 59

Bank Nifty Future

- ❖ The Bank Nifty opened lower but rebounded from lower levels and ended with healthy gains. Buying was seen in private heavyweights, which helped the index to rebound from lower levels. According to options data, 34000 Call Option has substantial OI. If the index manages to sustain above that level then we may see a fresh leg of the up move. Buy Bank Nifty in the range of 34100-34200 Target: 34500-34600 Stop loss: 33850

F&O Highlights

- ❖ The Nifty opened on a tepid note on the back of weak global clues. It had a volatile day but managed to end in the green. Advance/decline ratio was in favour of Bulls. According to options data, 15000 Call option has noteworthy OI, which should act as hurdle area. The 14800 and 14700 Put option has meaningful OI and should provide support in case of fall

Stock Analysis

Long build-up/short covering: Kotak Mahindra Bank, Hindalco, Apollo Tyre, Indus Tower, and Tata Chemicals

Short build-up/profit booking: Escorts, Marico, InterGlobe Aviation, Berger Paints, Page Industries and TCS

FII & DII Action

- ❖ FIIs bought ₹ 149 crore while DIIs sold ₹ 297 crore in the cash segment. FIIs bought index futures worth ₹ 445 crore while in index options they bought ₹ 4563 crore. In the stock futures segment, they sold ₹ 50 crore

Intraday Recommendations

i) Kotak Mahindra Bank		ii) Escorts	
Buy KOTMAH APR Fut at ₹ 1818.00-1820.00		Sell ESCORT APR Fut at ₹ 1278.00-1280.00	
CMP: 1817.00		CMP: 1283.40	
Target 1: 1841.5	Target 2: 1875.3	Target 1: 1262.6	Target 2: 1238.1
Stop Loss: 1796.5		Stop Loss: 1295.4	

Note:

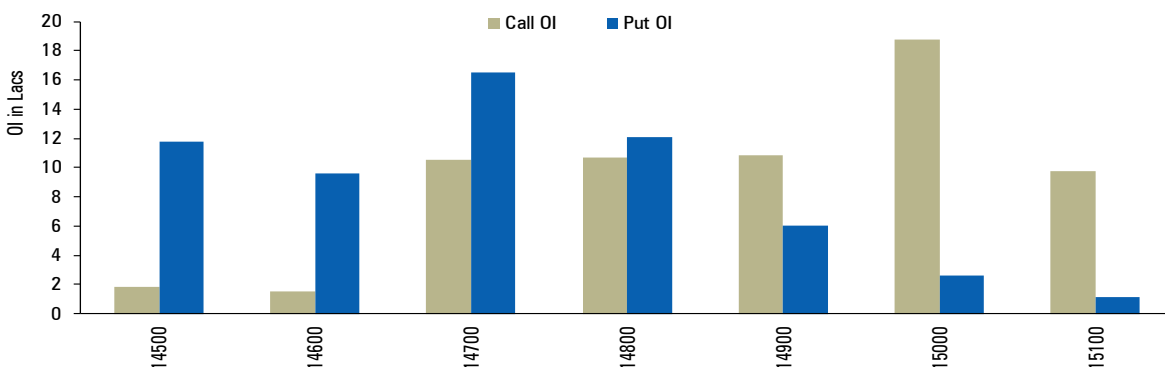
Note: Call initiation message will be broadcast on iclick-2-gain, if it is not initiated in opening session, then we might initiate with revise levels on iclick-2-gain.

Highlights of the last session & Pivot Levels

	Spot	Fut	Basis	Future OI	PCR OI	PCR Vol	ATM IV
Current	14867	14953	86	11801100	1.66	1.37	19.98
Previous	14691	14752	62	12637500	1.62	1.21	20.65
Change (%)	1.20%	1.36%	-	-6.62%	-	-	-3.35%

	S3	S2	S1	Piv	R1	R2	R3
Nifty future	14628	14681	14817	14896	15032	15111	15165
Bank Nifty future	32857	33072	33614	33932	34473	34792	35007

Weekly Nifty Options OI build-up



Nifty futures ended at a premium of 86 points while IV was down by 3.35%

The major Put base is at 14700 strike with 16 lakh shares while the major Call base is at the 15000 strike with 18 lakh shares

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.

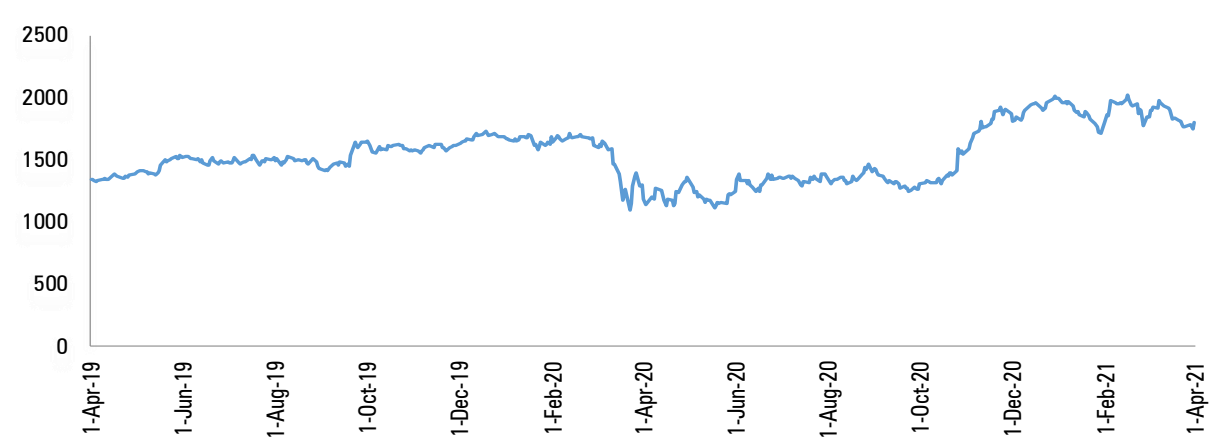
Strategy follow up

Date	Stock	View	Strategy	Reco	Target	SL	P&L	Comment
1-Apr-21	ACC	Buy	Long Fut	1918.0	1936.0	1900.0	-	Not initiated
1-Apr-21	COALIN	Sell	Short Fut	130.9	128.7	133.0	-	Not initiated

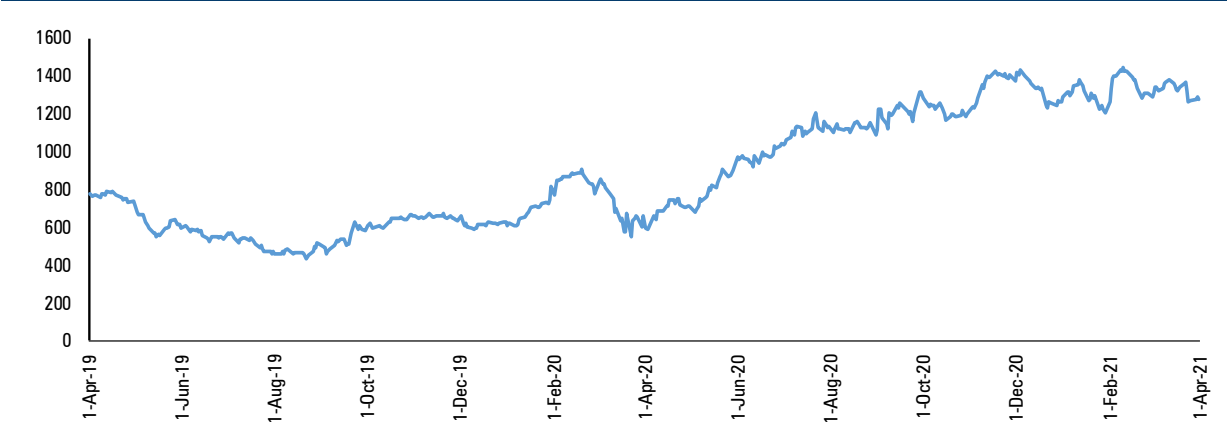
Source: NSE, Seediff, Bloomberg ICICI Direct Research

[Back](#)

Kotak Mahindra Bank



Escorts



Source: NSE, Seediff, Bloomberg ICICI Direct Research

Positional Recommendation

Date	Stock	View	Initiation Range	Target	Stoploss	Time Frame
30-Mar-21	Ramco Cements	Buy	₹ 985.00-990.00	₹ 1050	₹ 955	2-3 Weeks

Ramco Cements



Recommendation follow up							
Underlying	View	Strategy	Reco	Target	Stoploss	Profit/Loss	Comment
Ramco Cement	Bullish	Buy Futures	988	1050	955	23800	Profit Booked

Source: NSE, Seediff, Bloomberg ICICI Direct Research

April 5, 2021

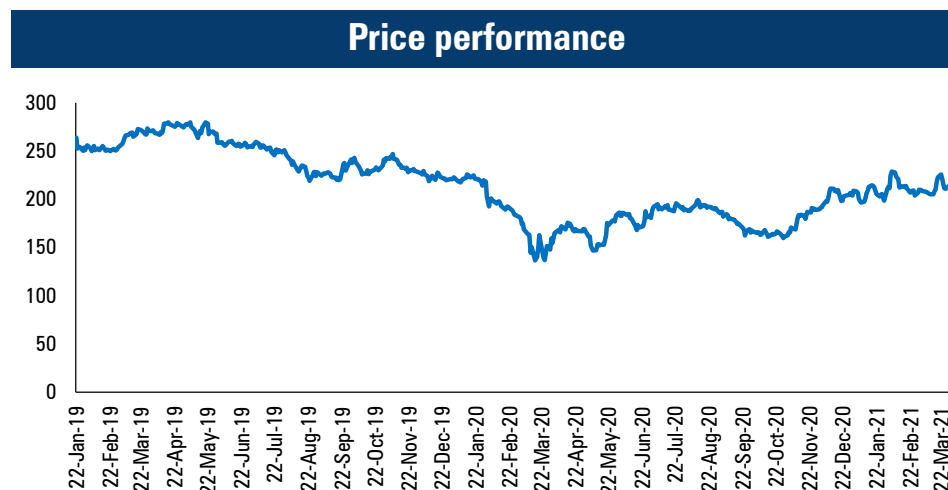
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Weekly future recommendation:

Long ITC Ltd (ITC) April future in range of ₹ 213-216; Target: ₹ 231; Stop Loss: ₹ 204.90

Rationale

The FMCG space has remained largely range bound in the last couple of months but bottom fishing was seen in leaders like ITC, which reversed sharply from ₹ 200 levels. The open interest in the stock has declined from last month's high and no significant OI blocks were seen, indicating more upsides. We feel leaders from the FMCG pack will provide support to the index in this consolidation. Highest Call OI base for the stock is at ₹ 230, which should be the target for the stock for the week.

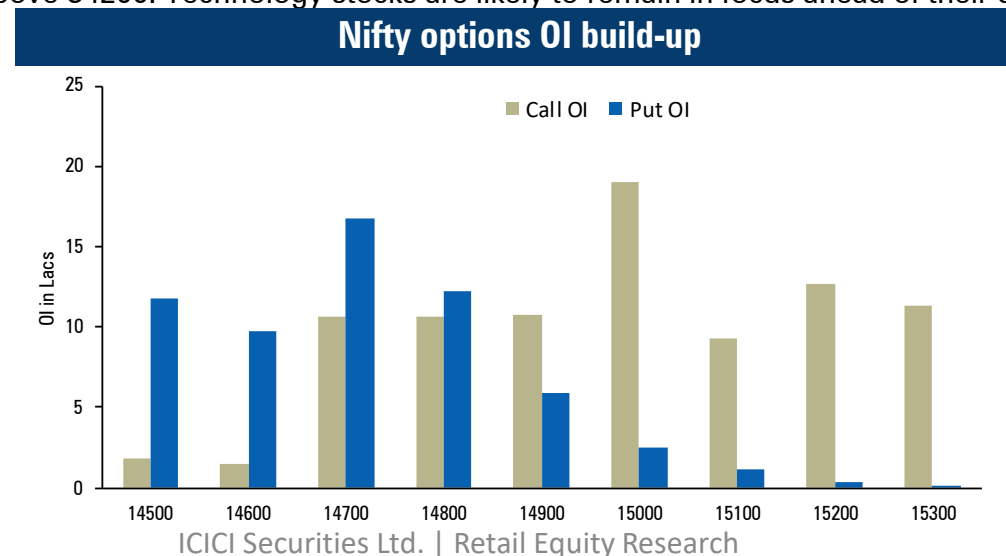


Recommendation follow up							
Underlying	View	Strategy	Reco	Target	Stoploss	Profit/Loss	Comment
Godrej Consumer	Bullish	Buy Futures	712	765	682	-	Not Initiated

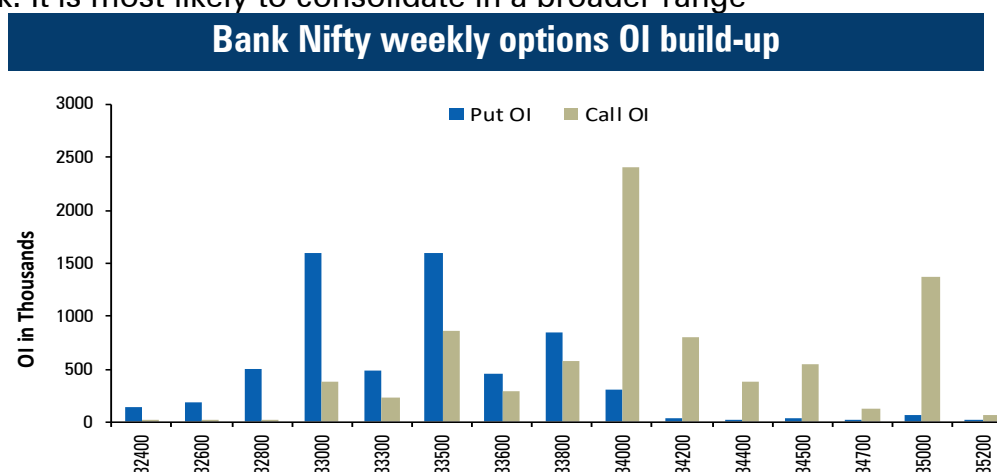
Source: Bloomberg, ICICI Direct Research

Nifty should trade positive with support at 14700...

- The Nifty witnessed a sharp pullback above 14800 after making lows below 14300 last Thursday. Year-end buying can be attributed to across the board buying seen during the truncated week. Moreover, highest ever GST numbers helped in improving sentiments further as the Nifty closed at the highest levels seen since mid-March. The Nifty gained almost 2.5% during the week while midcap and small cap saw gains of more than 3.5% during the week. Going ahead, we expect the Nifty to find fresh upside momentum if it is able to sustain itself above 14700
- From the options space, while Call base remains at 15000 Call strike, the Put base has inched up and moved to 14700 strike. Despite a truncated week once again, options prices are richly valued, clearly suggesting expectations of volatility next week as well. We believe levels of 14700 should be important support for the Nifty in the short-term and further strength can be seen if we see closure among Call strikes
- Post February, we have seen continued decline in volatility index, which suggests more of a consolidation in broader markets and the Nifty has been largely in the range of 14500 to 15200 since then. A major change of trend may be seen once the Nifty moves out of this range. While stock specific moves are likely to continue in the upcoming result season, we expect the Nifty to remain largely in this range
- While the metal space has significantly out performed by gaining almost 9% last week, continued strength cannot be ruled out in the FMCG and pharma space. On the other hand, the banking space continued to underperform and witnessed selling pressure at every rise, declines among heavyweights have been used as buying opportunity. With the upcoming result season, a round of short covering cannot be ruled out in the banking space if it is able to sustain above 34200. Technology stocks are likely to remain in focus ahead of their quarterly results



- Broader markets recovered after the sharp sell-off last week. Nifty futures moved above 14900 whereas Bank Nifty future moved above its sizeable Call base of 34000. Both private as well as public banks did well but leader like HDFC Bank remained under pressure due to recent restriction post technical glitch
- As the Bank Nifty started at a two and half year high OI, we saw marginal closure in OI on the last day of the week. The premiums rose significantly, which is pointing towards expectations of continued volatility in the market. However, recent lows near 33000 remains crucial support for banking index
- On the data front, both 33000 and 33500 Puts hold almost same OI indicating major supports. At the same time, significant Call OI base is placed at 34000 Call strike. In recent days, due to a sharp rise in intraday moves, option premiums has become expensive due to which short Strangle strategies are formed in the index. We feel current upsides should find further momentum once the Bank Nifty moves above 34200
- The current price ratio of Bank Nifty/Nifty declined marginally to 2.28 levels. We feel no major outperformance will take place in the Bank Nifty during the week. It is most likely to consolidate in a broader range



Source: Bloomberg, ICICI Direct Research

- The risk-on rally seems to re-emerge in equities and while US yields remained at elevated levels, S&P 500 moved to its life-time highs once again. While developed markets observed large moves, emerging markets witnessed some recovery from lows. Announcement of much awaited US stimulus has also provided fresh trigger to the markets, which saw a sharp up move in the last few sessions
- FII activities remained muted last week. Despite a sharp rebound in equities, a major move was seen among midcap and small cap stocks. Due to banking holidays, net figure by FIIs is unavailable but as per NSE, FIIs have bought nearly ₹ 300 crore. However, domestic institutions have come into picture and perhaps due to financial year closing have bought almost ₹ 6000 crore during the week
- In the F&O space, FII activity was significantly low in the truncated last week. While they have were net sellers in the index futures segment worth ₹ 57 crore, they bought to the tune of ₹ 82 crore in the stock futures segment during the week. At the same time, FIIs bought index options worth ₹ 1963 crore during the week
- Nymex crude remained significant volatile last week as well while it largely remained above \$60 but also failed to move above \$62. Concerns remains regarding demand outlook and further weakening of demand is expected in the coming months. Marginal rise in output from OPEC cannot be ruled out, which may keep the pressure on crude

FII/DII buying in equities (in ₹ crore)

Date	FII				DII
	Index Fut	Stock Fut	Index Opt	Cash	Cash
26-Mar	188	718	-559	127	1703
31-Mar	-245	-636	2523		2081

Source: Bloomberg, ICICI Direct Research

Rupee: Likely to depreciate towards 73.90 level...

- US\$INR futures bounced strongly in the last week supported by the rally in dollar index
- The dollar index held near a multi-month high against other major currencies as investors bet fiscal stimulus and aggressive vaccinations will help the US grow faster than other economies. The ADP National Employment Report showed on Wednesday US private payrolls increased by 517,000 jobs last month, slightly lower than market forecasts
- The gains also came as the euro, the biggest component in the index, suffers from concerns the eurozone's economic recovery is being hampered by a third wave of Covid-19 infections
- Therefore, we expect the rupee to depreciate towards 73.90 level as stronger dollar index is likely to support the pair in the short term

Weekly Pivot Levels

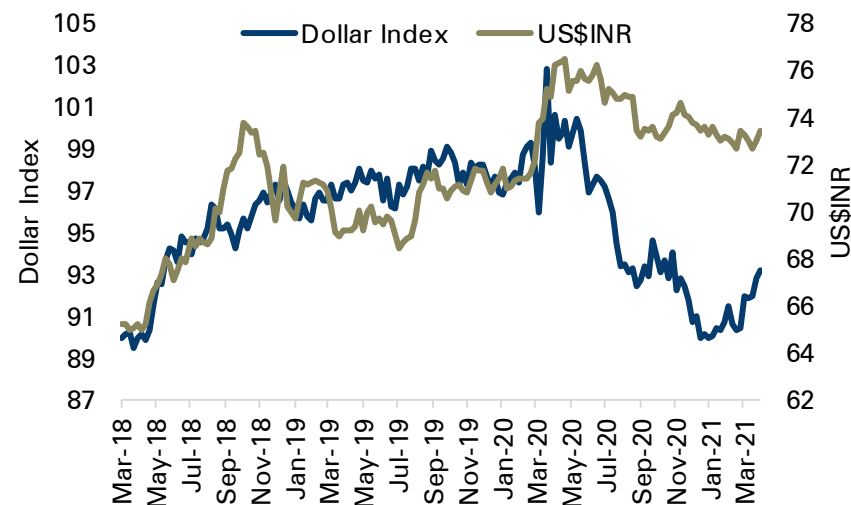
Futures	S2	S1	Pivot	R1	R2
US\$INR (Apr)	72.54	72.98	73.44	73.88	74.35
US\$INR (May)	72.55	73.12	73.65	74.22	74.75
EURINR (Apr)	85.14	85.69	86.15	86.70	87.15
EURINR (May)	85.60	86.08	86.49	86.98	87.39
GBPINR (Apr)	99.44	100.26	100.93	101.75	102.42
GBPINR (May)	99.96	100.70	101.25	101.98	102.53
JPYINR (Apr)	65.68	66.06	66.52	66.90	67.35
JPYINR (May)	66.18	66.45	66.82	67.08	67.45

Source: Bloomberg, Reuters, ICICI Direct Research

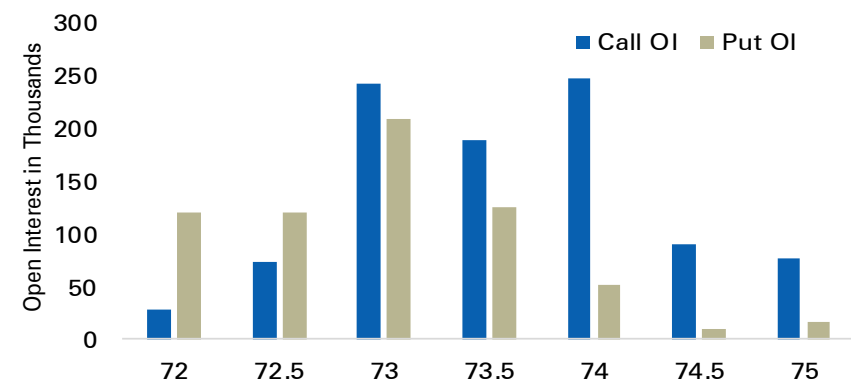
April 5, 2021

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Dollar Index vs. US\$INR



US\$INR Options Build-up



Forthcoming Events...

Date & Time (IST)	Country	Data & Events
Monday, April 5, 2021		
7:30 PM	US	ISM Non-Manufacturing PMI (Mar)
Tuesday, April 6, 2021		
5:30 PM	US	EIA Short-Term Energy Outlook
7:30 PM	US	JOLTs Job Openings (Feb)
Wednesday, April 7, 2021		
10:00 AM	India	Interest Rate Decision
2:00 PM	UK	Composite PMI (Mar)
2:00 PM	UK	Services PMI (Mar)
Thursday, April 8, 2021		
2:00 PM	UK	Construction PMI (Mar)
Friday, April 9, 2021		
6:00 PM	US	PPI (MoM) (Mar)

Source: Bloomberg, ICICI Direct Research

Date	Scrip	Action	Recommendation
24-Mar-21	Asian Paints	Buy	Long/Short Strategy : Buy Asian Paints April Future at 2460-2470 & sell 2600 Call at 40-42, Target: 2642, Stop loss: 2336, Time frame: Till April expiry

[Back](#)

Source: Bloomberg, ICICI Direct Research

Quant Picks: Open recommendations...

Date	Scrip	Action	Buy Price	Target	SL	CMP	%Ret	Time Frame
11-Feb-21	Tata Consumer Products	Buy	600-615	720	552	650	6.9%	3 months
16-Feb-21	United Breweries	Buy	1250-1280	1510	1145	1242	-1.8%	3 months
26-Feb-21	NTPC	Buy	105.5-107.5	122	98.5	108	0.8%	1 month
04-Mar-21	Sun Pharma	Buy	625-635	738	570	611	-3.4%	3 months
09-Mar-21	Hcl Technologies	Buy	950-970	1135	874	1003	3.9%	3 months
22-Mar-21	ACC	Buy	1840-1870	2190	1680	1913	2.3%	3 months
25-Mar-21	Larsen & Toubro	Buy	1360-1380	1545	1280	1445	5.1%	1 month
31-Mar-21	UPL	Buy	625-635	735	570	654	3.0%	3 months

[Back](#)

Source: NSE, Seediff, ICICI Direct Research

April 5, 2021

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Source: Bloomberg, ICICI Direct Research

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