

February 22, 2021

Other Product offerings

Derivatives Strategy

Underlying	Action
TCS	Buy
Bharti Airtel	Buy

Duration : 1-2 months

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Quant (Derivatives) Pick

Underlying	Action
Glenmark Pharma	Buy
Tata Consumer	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 MARLIM FEB Fut at ₹ 425.00-426.00	Marico	430.0	436.8	421.0	Intraday
Sell AURPHA FEB Fut at ₹ 883.00- 885.00	Aurobindo Pharma	870.2	849.4	897.8	Intraday
Sell BERPAI FEB Fut at ₹ 745.00-750.00	Berger Paints	700.0		772.0	Weekly

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Intraday Outlook: Sell Bank Nifty in the range of 36100-36200

Index Outlook

Nifty Future

- ❖ The Nifty is expected to trade between 14900 and 15200 amid high volatility. Sell Nifty 15250 Call (February 25 expiry) in the range of ₹ 41-43 Target: ₹ 27-20 Stop loss : ₹ 57

Bank Nifty Future

- ❖ The Bank Nifty continues to remain under pressure as there was selling in most private sector banks along with midcap and PSU banks. In the weekly options space, 36000 and 37000 have noteworthy OI, which should act as a hurdle in case of any rise while on the downside 35000 and 35500 have substantial OI, which should provide support. Sell Bank Nifty in the range of 36100-36200 Target: 35800-35700, Stop loss: 36350

F&O Highlights

- ❖ The Nifty tumbled around 1% on Friday on the back of broad based selling across sectors. According to the option chain, on the Put side 15000 Put has the highest OI. If it sustains below 15000 then we may see continuance of the current fall, while on the other side noteworthy OI addition is at 15200 and 15300 Call options

Stock Analysis

Long build-up/short covering: Tata Chemical, IndusInd Bank, Marico, Mahanagar Gas, Apollo Tyre and RIL

Short build-up/profit booking: Bank of Baroda, Bharat Forge , Aurobindo Pharma, Biocon and Tata Steel

FIs & DII Action

- ❖ FIs bought ₹ 119 crore while DIIs sold ₹ 1175 crore in the cash segment. FIs bought index futures worth ₹ 281 crore while in index options they bought ₹ 3984 crore. In the stock futures segment, they bought ₹ 319 crore

Intraday Recommendations

i) Marico		ii) Aurobindo Pharma	
Buy MARLIM FEB Fut at ₹ 425.00-426.00		Sell AURPHA FEB Fut at ₹ 883.00- 885.00	
CMP: 424.45		CMP: 887.85	
Target 1: 430	Target 2: 436.8	Target 1: 870.2	Target 2: 849.4
Stop Loss: 421		Stop Loss: 897.8	

Note:

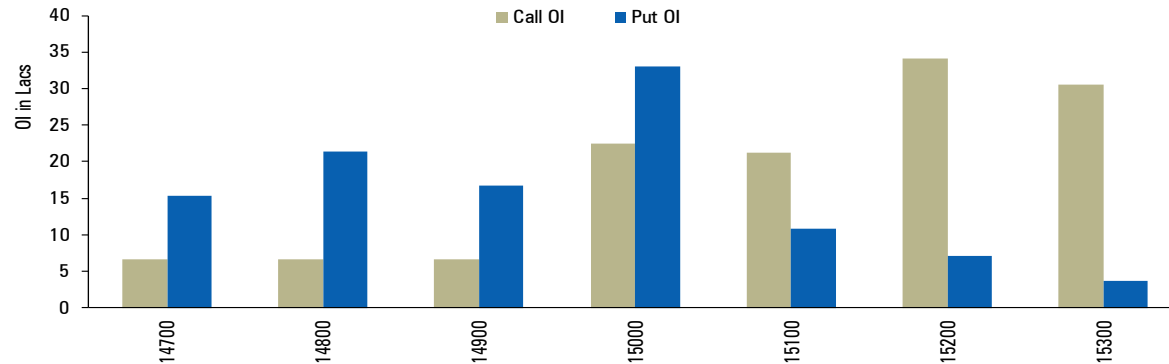
Note: Call initiation message will be broadcast on iclick-2-gain, if it is not initiated in opening session, then we might initiate with revise levels on iclick-2-gain.

Highlights of the last session & Pivot Levels

	Spot	Fut	Basis	Future OI	PCR OI	PCR Vol	ATM IV
Current	14982	14987	5	13014450	0.86	0.98	22.25
Previous	15119	15116	-3	13083825	1.08	0.95	21.54
Change (%)	-0.91%	-0.85%	-	-0.53%	-	-	3.19%

	S3	S2	S1	Piv	R1	R2	R3
Nifty future	14704	14766	14876	15011	15121	15256	15317
Bank Nifty future	34646	34923	35387	36033	36497	37143	37421

Weekly Nifty Options OI build-up



Nifty futures ended at a premium of 5 points while IV was up 3.19%

The major Put base is at 15000 strike with 33 lakh shares while the major Call base is at the 15200 strike with 34 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.

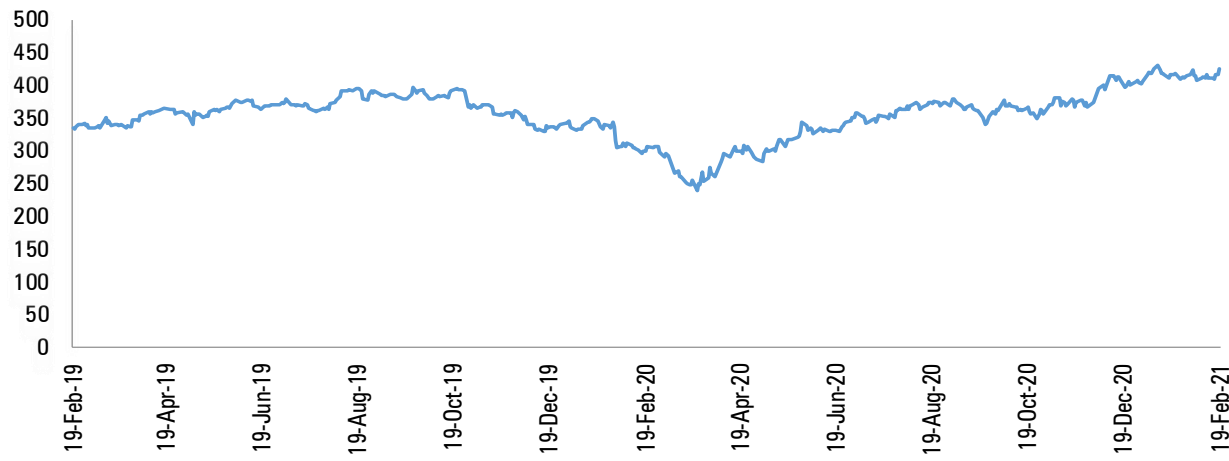
Strategy follow up

Date	Stock	View	Strategy	Reco	Target	SL	P&L	Comment
19-Feb-21	ADAPOR	Buy	Long Fut	667.5	671.1	663.9	-	Not initiated
19-Feb-21	KOTMAH	Sell	Short Fut	1939.5	1917.0	1962.0	-	Not initiated

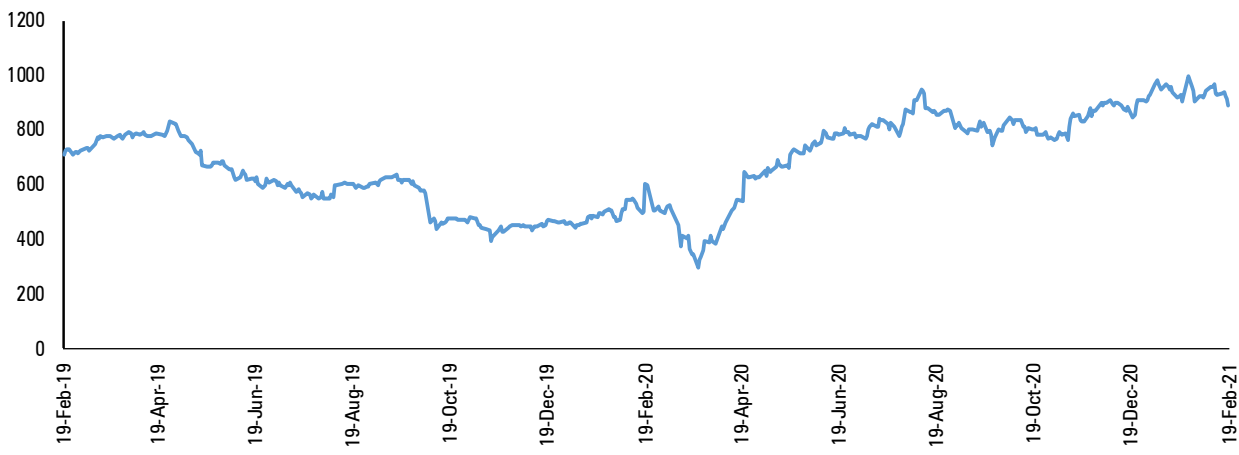
Source: NSE, Seediff, Bloomberg ICICI Direct Research

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Marico



Aurobindo Pharma



Source: NSE, Seediff, Bloor
February 22, 2021

Weekly future recommendation:

Short Berger Paints (BERPAI) February future in range of ₹ 745-750; Target: ₹ 700; Stop Loss: ₹ 772

Rationale

Paint stocks have remained under pressure in the last couple of weeks. Stocks like Berger Paints, which showed relative outperformance, recently started showing signs of weakness and are likely to witness selling pressure in coming sessions. The stock has seen constant additions of positions in the last few sessions while almost 20% OI was increased indicating short positions. In the options space, significant Call writing is visible at ATM 750 and 760 strike, suggesting expectation of limited upside. We expect the stock to move towards its Put base of 700 in the coming sessions.

Price performance



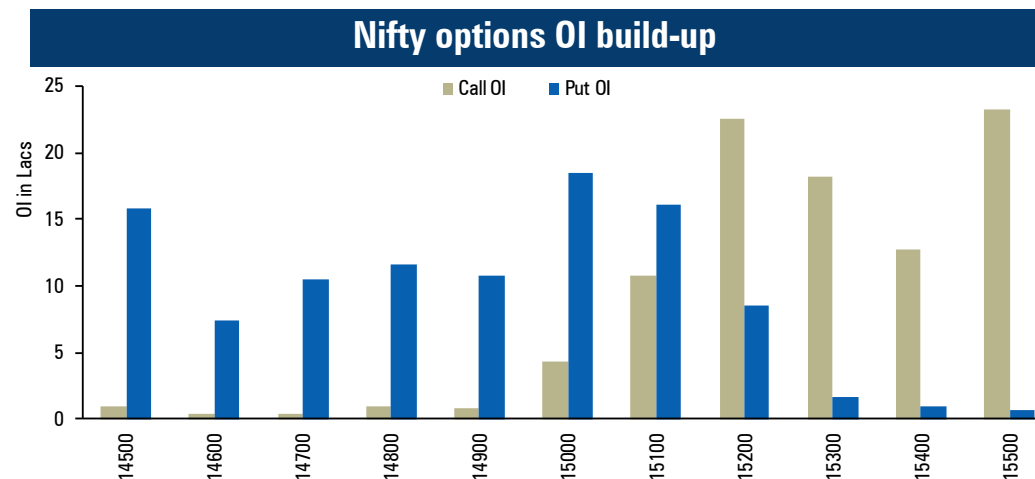
Recommendation follow up

Underlying	View	Strategy	Reco	Target	Stoploss	Profit/Loss	Comment
HDFC Ltd	Bullish	Buy Futures	2750	2890	2678		Not Initiated

Source: Bloomberg, ICICI Direct Research

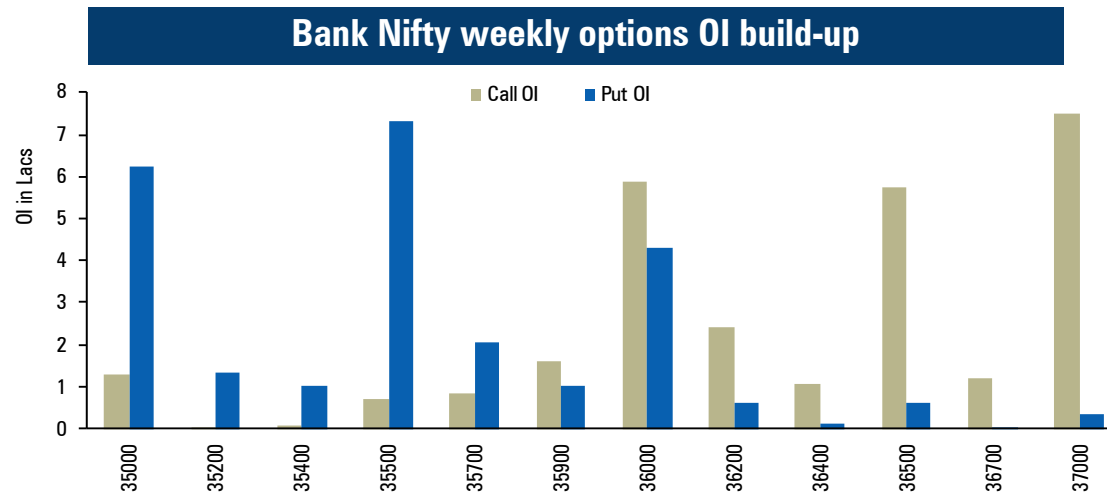
VWAP levels of 14750 to remain important support for settlement...

- The week belonged to midcap and small cap stocks that remained resilient and witnessed continued upsides despite some profit booking being seen in the broader index. PSU stocks across sectors have experienced significant buying momentum and were major gainers for the week. On the other hand, heavyweights from technology, FMCG and banking space saw continued profit booking
- Going into settlement week, we expect volatility to remain high and current Put base of 15000 strike should act as immediate support for the index. Below this, VWAP levels of the series near 14750 are likely to act as major support for the February settlement. On the higher side, intermediate hurdle can be seen at 15300 levels, which have gained significant OI in the last few sessions
- Volatility index has stayed below 22 levels throughout the week despite profit booking being seen in the index. The current reading suggests some consolidation in the index in the near term. Only move above 23 should be considered as a caution for equities
- Sectorally, a round of short covering is expected from the FMCG and technology space, which have seen continued decline in the current series. On the other hand, extended profit booking cannot be ruled out from the banking space, which has seen a sharp move post Budget in the current month



Source: Bloomberg, ICICI Direct Research
February 22, 2021

- The Bank Nifty ended last week almost flat amid high volatility where significant stock specific actions were observed. PSU banks were the major gainers of the week along with IDFC First Bank. On the other hand, private sector banking heavyweights came under pressure from higher levels
- The Bank Nifty started the week on a high note and made a high near 37500. However, from Tuesday onwards, profit booking was experienced in private sector space kept it under pressure. It ended the week with marginal losses and moved below its major Put base of 36000. Going ahead, we can expect a further decline in banking index towards its highest Put base of 35000
- Moreover, VWAP of the series is also near 35000 levels, which should be a major support for the index. On the higher side, we expect banking index to find it tough to surpass 37000 in the short-term. It is likely to consolidate below these levels
- After significant outperformance was seen from banking stocks in recent weeks, we may witness some consolidation and the price ratio is likely to remain below 2.40 levels in the near term. We expect it to move towards 2.36 in the coming weeks



Source: Bloomberg, ICICI Direct Research

- The prevailing momentum among risk assets paused a bit last week but remained largely resilient as no major profit booking was observed. US indices also consolidated at their life-time highs amid expectations of another stimulus. However, Asian markets remained sideways and witnessed some profit booking
- FIIs continue their buying in Indian equities spree post Budget announcement as they bought another ₹ 3608 crore in equities last week as well. FIIs have already bought over ₹ 24000 crore in the ongoing month. On the other hand, domestic institutions remained net sellers and sold ₹ 5705 crore in equities during the week. While broader markets remained buoyant, index heavyweights have witnessed some profit booking
- In the F&O space, FIIs activity has turned muted. While they have turned sellers in index futures segment and sold ₹ 1018 crore, they also sold to the tune of ₹ 2287 crore in the stock futures segment during the week. At the same time, FIIs bought index options worth ₹ 6452 crore during the week
- Nymex crude remained buoyant last week as well and tested its highest levels of more than a year. However, towards the end, news on production hike by Iraq put some pressure on it and it moved below \$60 once again. We believe the ongoing strength in crude is likely to continue amid risk on rally seen across asset classes. We believe that only a move below \$58 should change the current bias

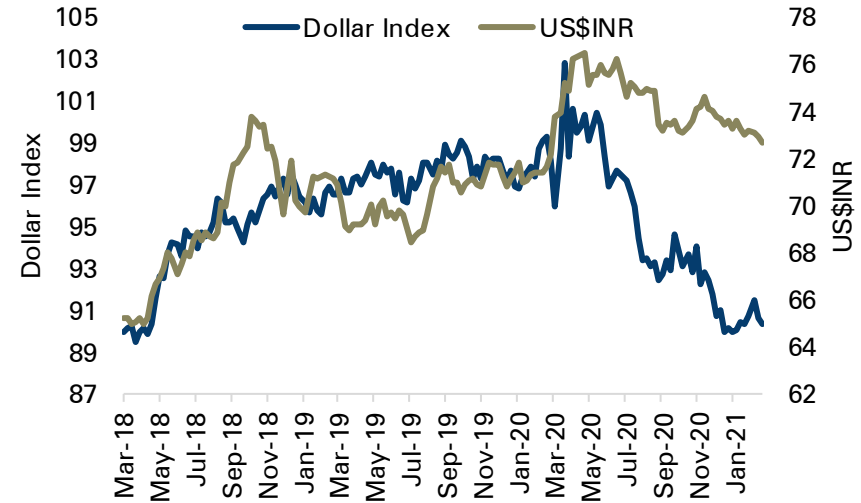
FII/DII buying in equities (in ₹ crore)					
Date	FII				DII
	Index Fut	Stock Fut	Index Opt	Cash	Cash
12-Feb	-733	22	-2454	-1742	-597
15-Feb	523	307	1587	1947	-1049
16-Feb	-608	-770	3712	2212	-1559
17-Feb	-182	-651	39	1191	-1283
18-Feb	-18	-1195	3569		-1217

Source: Bloomberg, ICICI Direct Research

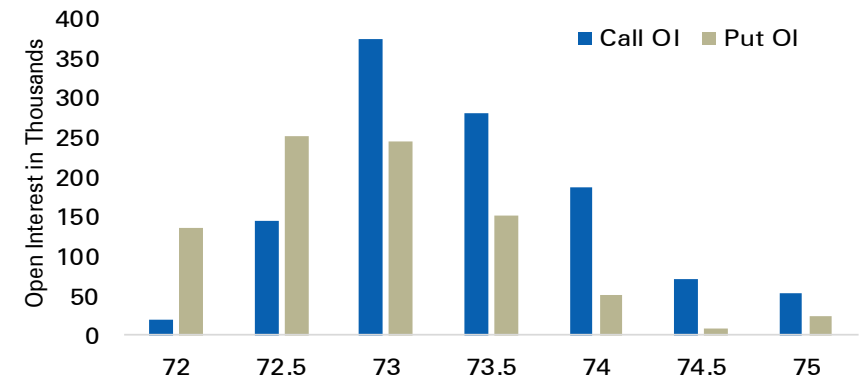
Rupee to appreciate further towards 72.30 level...

- US\$INR futures declined further during most of the week as weaker dollar index kept pressure on the pair. However, correction in domestic equities provided some support to the pair
- The dollar index slipped after disappointing US data dented optimism for a speedy recovery from the Covid-19 pandemic. An unexpected increase in weekly jobless claims soured the economic outlook and sent the dollar lower. The string of soft labour data is weighing on the dollar even as other indicators have shown resilience and as President Joe Biden's pandemic relief efforts take shape, including a proposed \$1.9 trillion spending package
- Therefore, we expect the rupee to appreciate further towards 72.30 level as weakening dollar index is likely to put further 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 (Feb)	72.36	72.50	72.75	72.88	73.13
US\$INR (Mar)	71.97	72.45	72.89	73.37	73.80
EURINR (Feb)	87.00	87.35	87.96	88.31	88.92
EURINR (Mar)	87.41	87.75	88.34	88.68	89.27
GBPINR (Feb)	100.12	100.65	101.05	101.58	101.98
GBPINR (Mar)	100.67	101.12	101.45	101.90	102.23
JPYINR (Feb)	68.34	68.55	68.90	69.11	69.47
JPYINR (Mar)	68.65	68.85	69.20	69.40	69.75

Source: Bloomberg, Reuters, ICICI Direct Research

Date & Time (IST)	Country	Data & Events
Tuesday, February 23, 2021		
12:30 PM	UK	Average Earnings Index + Bonus (Dec)
12:30 PM	UK	Claimant Count Change (Jan)
3:30 PM	Euro Zone	CPI (YoY) (Jan)
8:30 PM	US	CB Consumer Confidence (Feb)
8:30 PM	US	Fed Chair Powell Testifies
Wednesday, February 24, 2021		
8:30 PM	US	New Home Sales (Jan)
Thursday, February 25, 2021		
7:00 PM	US	Core Durable Goods Orders (MoM) (Jan)
7:00 PM	US	GDP (QoQ) (Q4)
8:30 PM	US	Pending Home Sales (MoM) (Jan)
12:30 AM	US	US Federal Budget

Source: Bloomberg, ICICI Direct Research

Date	Scrip	Action	Recommendation
2-Feb-21	Bharti Airtel	Buy	Long/Short Strategy : Buy Bharti Feb 600 Call at 24-26 & sell 640 Call at 12-14, Target: 640, Time frame: Till Feb expiry
5-Feb-21	L&T	Buy	Long/Short Strategy : Buy LT Feb Future at 1535-1545 & sell 1600 Call at 25-29, Target: 1629, Stop loss: 1464, Time frame: Till Feb expiry

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Source: Bloomberg, ICICI Direct Research

Date	Scrip	Action	Buy Price	Target	SL	CMP	%Ret	Time Frame
6-Jan-21	Glenmark Pharma	Buy	505-520	605	464.0	482	-5.9%	3 months
5-Feb-21	Ambuja Cement	Buy	268-275	325	247.0	275	0.7%	3 months
11-Feb-21	Apollo Tyres	Buy	240-245	295	218.0	237	-2.1%	3 months
11-Feb-21	Tata Consumer Products	Buy	600-615	720	552.0	614	1.0%	3 months
16-Feb-21	United Breweries	Buy	1250-1280	1510	1145.0	1223	-4.1%	3 months
18-Feb-21	Torrent Power	Buy	340-350	418	314.0	365	4.9%	3 months
18-Feb-21	Indus Towers	Buy	255-263	320	234.0	260	-0.4%	3 months

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Source: Bloomberg, ICICI Direct Research

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