

February 15, 2021

Other Product offerings

Derivatives Strategy

Underlying	Action
L&T	Buy
TCS	Buy
Bharti Airtel	Buy
Duration : 1-2 months	
Click here to see open calls	

Quant (Derivatives) Pick

Underlying	Action
Glenmark Pharma	Buy
Ramco Cement	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 HDFBAN FEB Fut at ₹ 1590.00-1592.00	HDFC Bank	1607.4	1631.9	1574.6	Intraday
Sell TATSTE FEB Fut at ₹ 681.00-683.00	Tata Steel	676.7	668.8	687.3	Intraday
Buy HDFC FEB Fut at ₹ 2745.00-2755.00	HDFC Ltd	2890.0		2678.0	Weekly

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Intraday Outlook: Buy Bank Nifty in the range of 35850-35950

Index Outlook

Nifty Future

- ❖ The Nifty is expected to trade between 15000 and 15300 amid high volatility. Sell Nifty 14900 Put (February 18 expiry) in the range of ₹ 47-50 Target: ₹ 33-25 Stop loss : ₹ 63

Bank Nifty Future

- ❖ The Bank Nifty had a positive experience for the day as it outperformed the broader market and lent much needed support to the Nifty. In the weekly options space, 36000 Call and Put options have significant OI while there was further addition in these strikes. Thus, we expect the Bank Nifty to consolidate around current levels. Buy Bank Nifty in the range of 35850-35950 Target: 36200-36300, Stop loss: 35650

F&O Highlights

- ❖ The Nifty had a volatile day as there were many intraday swings. Sectorally, action was seen in banking and financial stocks whereas profit taking was witnessed in metal and FMCG stocks. On the options front, 15200 and 15500 have noteworthy OI, which should be an immediate hurdle on upsides

Stock Analysis

Long build-up/short covering: Concor, Adani Enterprises, Motherson Sumi, Muthoot Finance, Axis Bank and HDFC Bank

Short build-up/profit booking: Ashok Leyland, ITC, Sun Pharma, Bosch Ltd, Tata Steel and Coal India

FII & DII Action

- ❖ FIIs sold ₹ 37 crore while DIIs sold ₹ 598 crore in the cash segment. FIIs sold index futures worth ₹ 733 crore while in index options they sold ₹ 2545 crore. In the stock futures segment, they bought ₹ 22 crore

Intraday Recommendations

i) HDFC Bank	ii) Tata Steel
Buy HDFBAN FEB Fut at ₹ 1590.00-1592.00	Sell TATSTE FEB Fut at ₹ 681.00-683.00
CMP: 1586.60	CMP: 683.05
Target 1: 1607.4 Target 2: 1631.9	Target 1: 676.7 Target 2: 668.8
Stop Loss: 1574.6	Stop Loss: 687.3

Note:

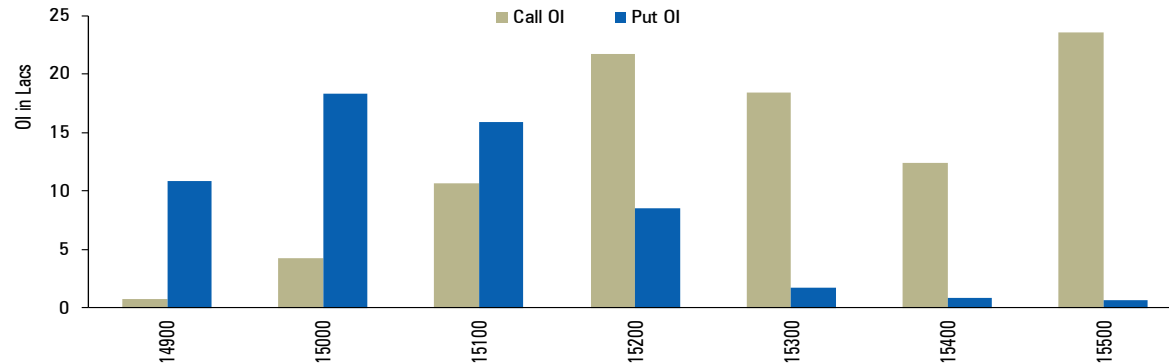
Note: Call initiation message will be broadcast on iclick-2-gain, if it is not initiated in opening session, then we might initiate with revise levels on iclick-2-gain.

Highlights of the last session & Pivot Levels

	Spot	Fut	Basis	Future OI	PCR OI	PCR Vol	ATM IV
Current	15163	15161	-2	12604725	1.36	1.26	23.05
Previous	15173	15185	12	12406125	1.53	1.38	23.05
Change (%)	-0.07%	-0.15%	-	1.60%	-	-	0.00%

	S3	S2	S1	Piv	R1	R2	R3
Nifty future	14950	14991	15076	15156	15241	15321	15362
Bank Nifty future	35283	35440	35787	36067	36414	36695	36852

Weekly Nifty Options OI build-up



Strategy follow up

Date	Stock	View	Strategy	Reco	Target	SL	P&L	Comment
12-Feb-21	MAHMAH	Buy	Long Fut	917.0	923.4	910.6	-	Not initiated
12-Feb-21	PVRLIM	Sell	Short Fut	1498.0	1475.9	1520.1	-	Not initiated

Source: NSE, Seediff, Bloomberg *ICICI Direct Research*

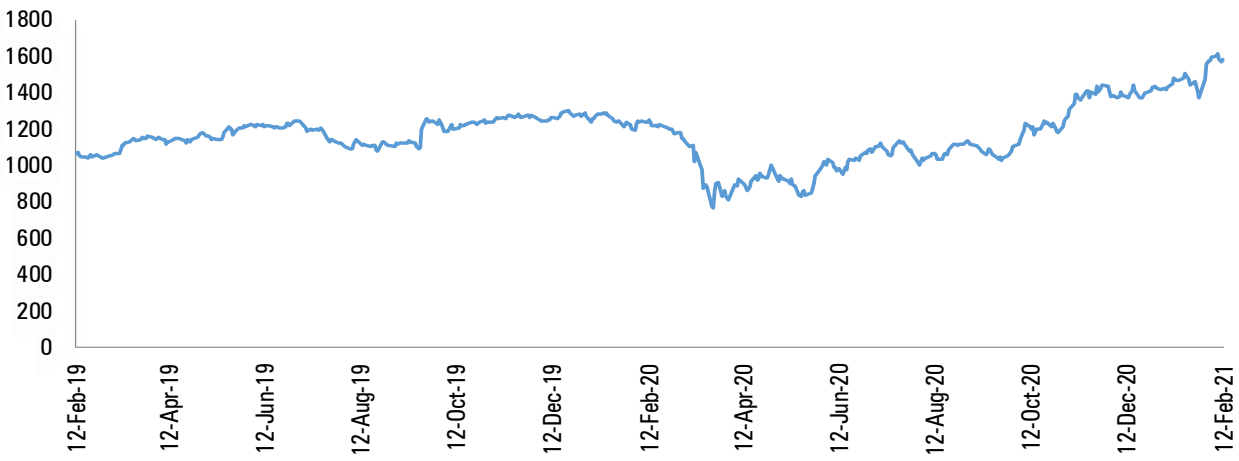
Nifty futures ended at a discount of 2 points while IV remained flat

The major Put base is at 15000 strike with 18 lakh shares while the major Call base is at the 15500 strike with 23 lakh shares

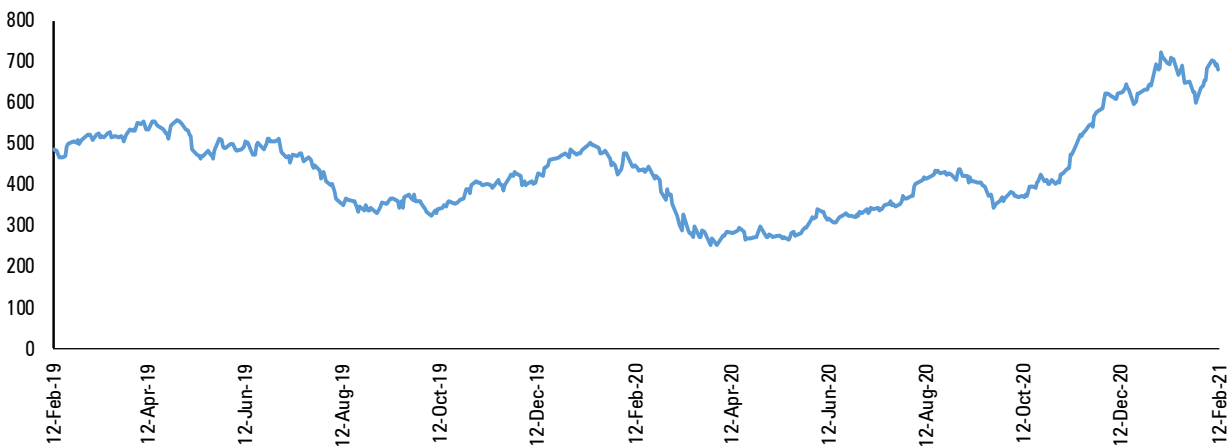
Note: Index calls may be changed, if view differs during market hours and positional recommendations given in Derivatives Strategy should not be linked to intraday index/stock calls.

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HDFC Bank



Tata Steel



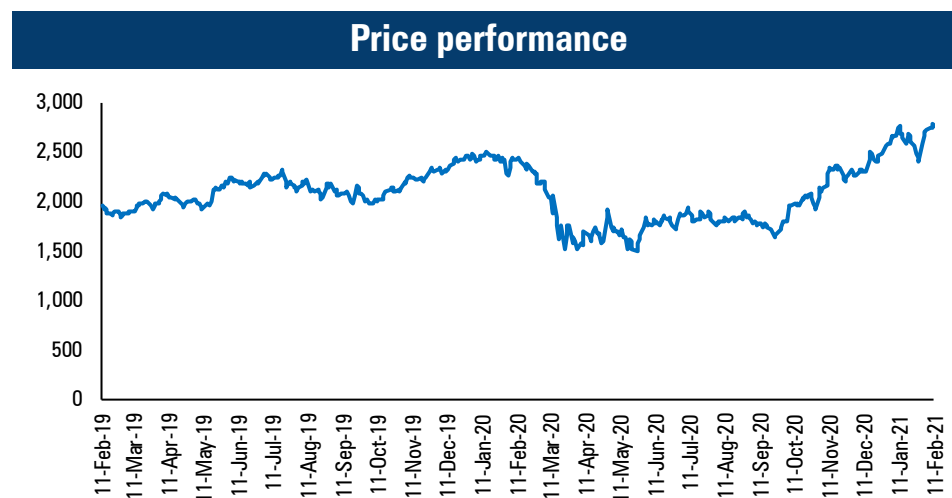
Source: NSE, Seediff, Bloor
February 15, 2021

Weekly future recommendation:

Long HDFC Ltd (HDFC) February future in range of ₹ 2745-2755; Target: ₹ 2890; Stop Loss: ₹ 2678

Rationale

NBFCs have been in focus post Union Budget and heavyweights like HDFC Ltd with low leverage may witness fresh buying. Being the leader in the space, it continues to outperform and managed to make new lifetime highs. As the stock moved higher closure was seen in most Call options and positions moved to 2900 and 3000 strike. We feel the stock is well placed to move towards ₹ 2900 levels and give support to the index if selling comes in other heavyweights.

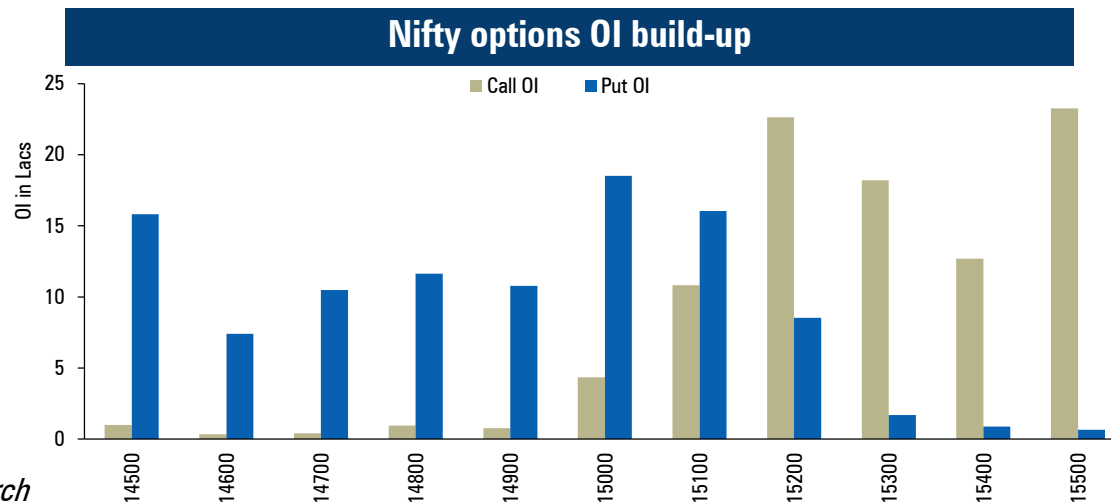


Recommendation follow up							
Underlying	View	Strategy	Reco	Target	Stoploss	Profit/Loss	Comment
Sun Pharma	Bullish	Buy Futures	623	665	599	18900	Profit Booked

Source: Bloomberg, ICICI Direct Research

Nifty immediate support around 14950 in current uptrend...

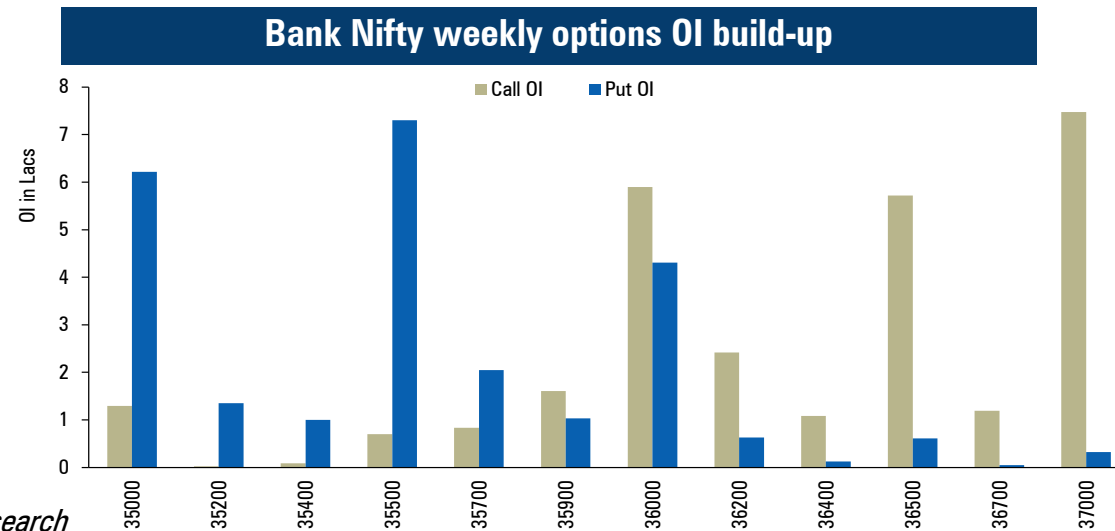
- The Nifty remained largely range bound last week amid high intraday volatility. After a gap up opening on Monday, the index consolidated for rest of the week where 15000 acted as support on multiple occasions. Once again the major mover remains the banking space but even the Bank Nifty failed to surpass its Friday's high and remained largely range bound. Broader markets have significantly outperformed benchmarks and small cap indices gained more than 3% while the rest have seen gains of close to 1%
- Finally, the volatility index witnessed some breather as it consolidated and moved towards 22 levels. As most events are over, we believe a further decline in volatility would be seen in coming sessions and any surge from these levels can be considered as a sign of caution after sharp upsides
- From a data perspective, significant Call option concentration is placed at ATM 15200 strike for coming weekly settlement followed by 15500 strike. Hence, a move above 15200 may take the index towards 15500 towards settlement. On the lower side, immediate and major support for the Nifty remains at the 15000 strike
- Sectorally, insurance and cement stocks have seen strong accumulation along with price performance. On the other hand, some profit booking was seen in FMCG and select auto stocks. Going ahead, we expect midcaps to continue their outperformance over heavyweights



Source: Bloomberg, ICICI Direct Research
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Bank Nifty likely to consolidate in range with 35500 as support

- Post the RBI policy, the Bank Nifty traded in a range with stock specific action. PSU banks performed well whereas no major moves were seen in private banks. Among midcap banks, IDFC First Bank and Federal Bank are likely to do well
- The Bank Nifty started the week on lower option OI base in ATM strike whereas positions are seen in far OTM options indicating possible consolidation in coming days. The 35500 Put hold the maximum OI whereas highest Call base is placed at 37000 strike. We feel the index is likely to consolidate in this range for the week
- Most private bank set-up are positive and stocks like Axis Bank, HDFC Bank and Kotak Bank are likely to find support after 2-3% decline whereas supportive action is expected from other banking stocks
- Last Friday some outperformance was seen in the Bank Nifty compared to the Nifty. However, the current price ratio of Bank Nifty/Nifty is likely to consolidate near 2.38 levels while resistance for the ratio can be seen near 2.4. Due to this, no major outperformance is expected from banking stocks



Source: Bloomberg, ICICI Direct Research

- The prevailing momentum among equities continued last week. US indices gained further and made new life-time highs. Expectations of stimulus has kept equities buoyant across the globe. The Dollar index reverting from two-month highs helped EM currencies to appreciate. However, emerging markets have remained largely range bound and Indian equities also remained largely in a range despite a weekly gain of more than 1%
- FII continued their buying spree post Budget announcement as they bought almost ₹ 8776 crore in equities last week as well. On the other hand, domestic institutions turned net sellers once again and sold ₹ 6464 crore in equities during the week. While the broader markets saw a sharp up move, index heavyweights have remained largely range bound
- In the F&O space, FIIs remained net buyers but activities remained largely muted in the futures segment. While they bought ₹ 544 crore in index futures, they sold to the tune of ₹ 426 crore in the stock futures segment during the week. At the same time, FIIs bought index options worth ₹ 4504 crore during the week
- Nymex crude continued to move higher and tested almost \$59 levels as Saudi Arabia kept its production cut intact for the next couple of months. Moreover, continued optimism regarding economic recovery also helped crude to move higher. We believe the ongoing strength in crude may continue amid risk on rally seen across asset classes. Only a move below \$55 should change the current bias

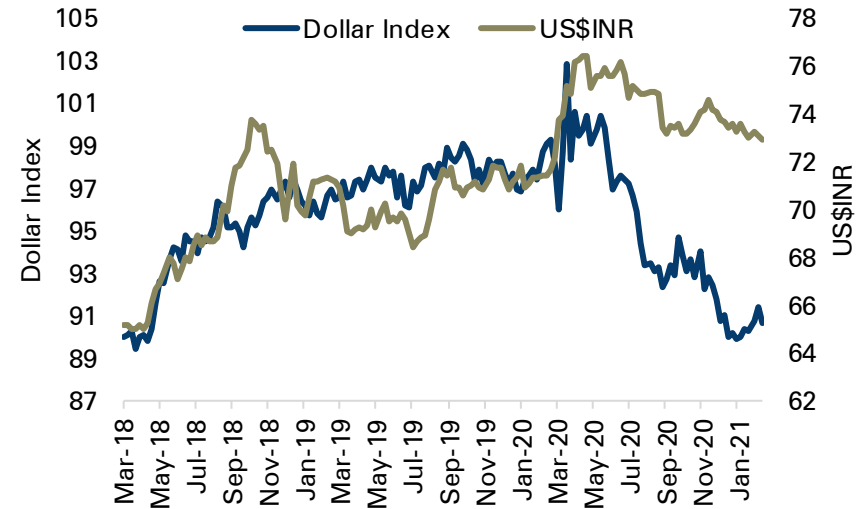
FII/DII buying in equities (in ₹ crore)					
Date	FII			DII	
	Index Fut	Stock Fut	Index Opt	Cash	Cash
5-Feb	-461	39	2404	1412	-1419
8-Feb	491	104	-2860	2173	-505
9-Feb	371	-153	-492	3307	-1756
10-Feb	141	-291	2561	1884	-2076
11-Feb	2	-125	2891		-708

Source: Bloomberg, ICICI Direct Research

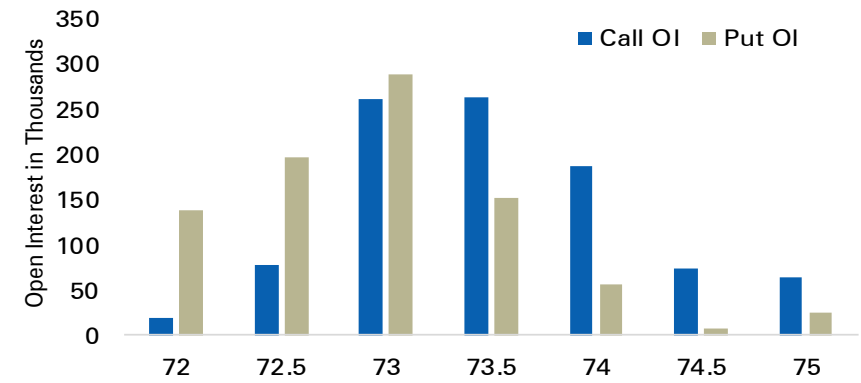
Rupee to appreciate further towards 72.50 level...

- US\$INR futures continued to decline for most of the week as stronger equities along with weaker dollar index kept pressure on the pair
- The dollar index headed for its first losing week in three as new signs of weakness in the US jobs market dented investor expectations about the pace of economic recovery from the pandemic. The dollar remained on the backfoot after the release of weaker-than-expected weekly US jobless claims data, which added to recent concerns that the dollar's previous rally had priced in too fast a pace of rebound for the US economy
- Therefore, we expect the rupee to appreciate further towards 72.50 level as stronger equities along with weakening dollar index are 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)	72.50	72.70	72.95	73.15	73.39
US\$INR (Mar)	72.79	72.99	73.21	73.40	73.62
EURINR (Feb)	87.46	87.86	88.21	88.61	88.97
EURINR (Mar)	87.85	88.24	88.60	88.99	89.34
GBPINR (Feb)	99.55	99.99	100.48	100.92	101.42
GBPINR (Mar)	99.92	100.36	100.85	101.29	101.78
JPYINR (Feb)	68.77	69.08	69.48	69.79	70.18
JPYINR (Mar)	69.06	69.36	69.75	70.05	70.44

Source: Bloomberg, Reuters, ICICI Direct Research

Date & Time (IST)	Country	Data & Events
Monday, February 15, 2021		
5:20 AM	Japan	GDP (QoQ) (Q4)
Wednesday, February 17, 2021		
12:30 PM	UK	CPI (YoY) (Jan)
1:30 PM	Euro Zone	ECB Monetary Policy Statement
7:00 PM	US	Core Retail Sales (MoM) (Jan)
7:00 PM	US	PPI (MoM) (Jan)
7:00 PM	US	Retail Sales (MoM) (Jan)
Thursday, February 18, 2021		
12:30 AM	US	FOMC Meeting Minutes
3:30 PM	Euro Zone	CPI (YoY) (Jan)
7:00 PM	US	Building Permits (Jan)
7:00 PM	US	Philadelphia Fed Manufacturing Index (Feb)
Friday, February 19, 2021		
12:30 PM	UK	Retail Sales (MoM) (Jan)
8:30 PM	US	Existing Home Sales (Jan)

Source: Bloomberg, ICICI Direct Research

Date	Scrip	Action	Recommendation
2-Feb-21	TCS	Buy	Long/Short Strategy : Buy TCS Feb Future at 3190-3210 & buy 3200 Put at 85-90, Target: 3400, Time frame: Till Feb expiry
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
06-Jan-21	Glenmark Pharma	Buy	505-520	605	464.0	505	-1.3%	3 months
22-Jan-21	Hero Motocorp	Buy	3320-3380	3950	3050.0	3450	2.1%	3 months
05-Feb-21	Ambuja Cement	Buy	268-275	325	247.0	278	1.7%	3 months
11-Feb-21	Apollo Tyres	Buy	240-245	295	218.0	241	-0.6%	3 months
11-Feb-21	Tata Consumer Products	Buy	600-615	720	552.0	609	0.2%	3 months

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Source: Bloomberg, ICICI Direct Research

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