

February 3, 2021

Other Product offerings

Derivatives Strategy

| Underlying | Action |
|--|--------|
| Britannia | Sell |
| TCS | Buy |
| Bharti Airtel | Buy |
| Duration : 1-2 months | |
| Click here to see open calls | |

Quant (Derivatives) Pick

| Underlying | Action |
|--|--------|
| Glenmark Pharma | Buy |
| Zee | Buy |
| DLF | Buy |
| Duration : 1-3 months | |
| Click here to see open calls | |



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Derivatives View

[Daily view](#)

[Weekly view](#)

Stock recommendations in report

| Action | Scrip | Target 1 | Target 2 | Stoploss | Time frame |
|--|---------------|----------|----------|----------|------------|
| Buy ACC FEB Fut at ₹ 1776.00-1777.00 | ACC | 1794.5 | 1821.5 | 1758.5 | Intraday |
| Sell TITIND FEB Fut at ₹ 1488.00-1490.00 | Titan Company | 1477.0 | 1459.0 | 1501.0 | Intraday |

Research Analysts

Raj Deepak Singh

rajdeepak.singh@icicisecurities.com

Nandish Patel

nandish.patel@icicisecurities.com

Dipesh Dedhia

dipesh.dedhia@icicisecurities.com

Intraday Outlook: Buy Bank Nifty in the range of 34000-34100

Index Outlook

Nifty Future

- ❖ The Nifty is expected to trade between 14200 and 14800 amid high volatility. Sell Nifty 14500 Put (February 4 expiry) in the range of ₹ 48-52 Target: ₹ 35-25 Stop loss : ₹ 60

Bank Nifty Future

- ❖ Outperformance was clearly visible in banking stocks, which led the Bank Nifty to register a life-time high of 34740. State Bank of India was the leader while most private and PSU banks witnessed large upsides. Looking at the options data, this current recovery may extend up to 35000 levels as positions are shifting to higher levels. However, on downsides, 34000 and 33800 will act as support. Buy Bank Nifty in the range of 34000-34100 Target:34500-34700, Stop loss: 33850

F&O Highlights

- ❖ The Nifty continued on its upward journey and witnessed sharp upsides on the back of a strong up move seen among heavyweights. The rally in auto, cement, infrastructure and banking lifted the Nifty above 14700 on Tuesday. On the options front, additions were seen in 14400 and 14500 strikes. This should act as strong support on downsides in case of profit taking at higher levels

Stock Analysis

Long build-up/short covering: Tata Motors, DLF, Zee Entertainment, Shree Cement, ACC and Hindalco

Short build-up/profit booking: Tata Consumer, Titan Company, SRF, Britannia, SRF and Interglobe Aviation

FII & DII Action

- ❖ FIIs bought ₹ 6182 crore while DIIs sold ₹ 2035 crore in the cash segment. FIIs sold index futures worth ₹ 975 crore while in index options they bought ₹ 3562 crore. In the stock futures segment, they sold ₹ 921 crore

Intraday Recommendations

| i) ACC | ii) Titan Company |
|--|--|
| Buy ACC FEB Fut at ₹ 1776.00-1777.00 | Sell TITIND FEB Fut at ₹ 1488.00-1490.00 |
| CMP: 1776.5 | CMP: 1491 |
| Target 1: 1794.5 Target 2: 1821.5 | Target 1: 1477 Target 2: 1459 |
| Stop Loss: 1758.5 | Stop Loss: 1501 |

Note:

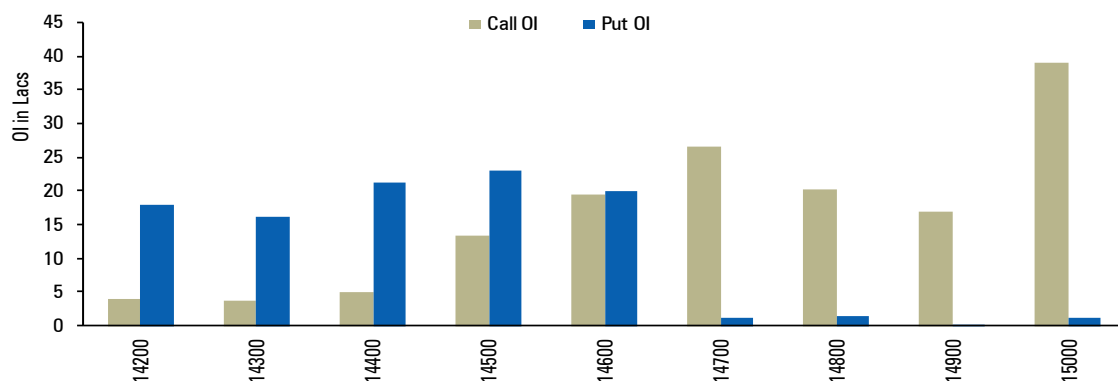
Note: Call initiation message will be broadcast on iclick-2-gain, if it is not initiated in opening session, then we might initiate with revise levels on iclick-2-gain.

Highlights of the last session & Pivot Levels

| | Spot | Fut | Basis | Future OI | PCR OI | PCR Vol | ATM IV |
|--------------------------|-------|-------|-------|-----------|--------|---------|--------|
| Current | 14648 | 14696 | 48 | 10707075 | 1.50 | 1,06 | 23.34 |
| Previous | 14281 | 14351 | 70 | 10817100 | 1.42 | 1.20 | 23.32 |
| Change (%) | 2.57% | 2.40% | - | -1.02% | - | - | 0.09% |
| | S3 | S2 | S1 | Piv | R1 | R2 | R3 |
| Nifty future | 14294 | 14366 | 14539 | 14653 | 14826 | 14940 | 15012 |
| Bank Nifty future | 32838 | 33123 | 33783 | 34262 | 34922 | 35401 | 35685 |

Nifty futures ended at a premium of 48 points while IV remain unchanged

Weekly Nifty Options OI build-up



The major Put base is at 14500 strike with almost 22 lakh shares while the major Call base is at the 15000 strike with almost 38 lakh shares

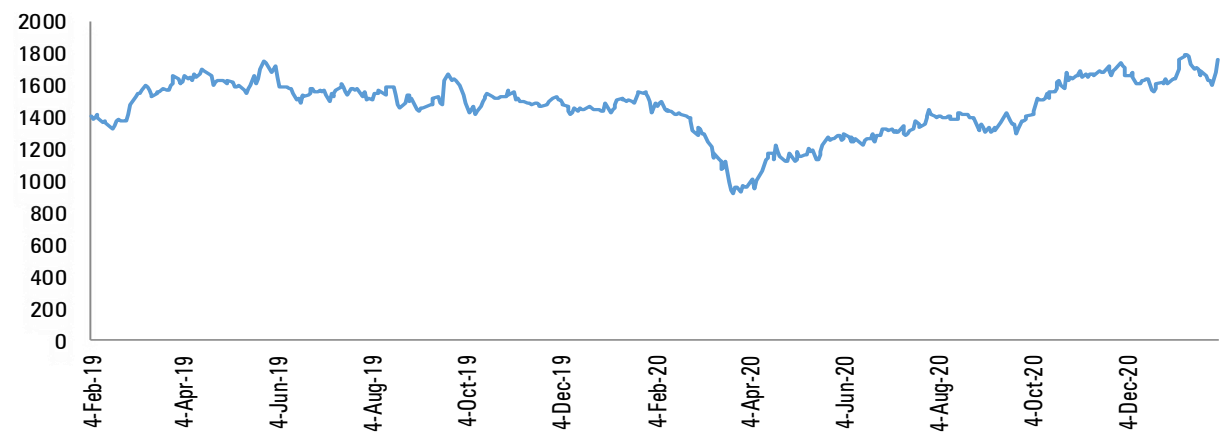
Strategy follow up

| Date | Stock | View | Strategy | Reco | Target | SL | P&L | Comment |
|----------|--------|------|-----------|-------|--------|-------|-----|---------------|
| 2-Feb-21 | APOTYR | Buy | Long Fut | 216.5 | 219.5 | 213.5 | - | Not initiated |
| 2-Feb-21 | UPL | Sell | Short Fut | 539.0 | 532.1 | 545.9 | - | Not initiated |

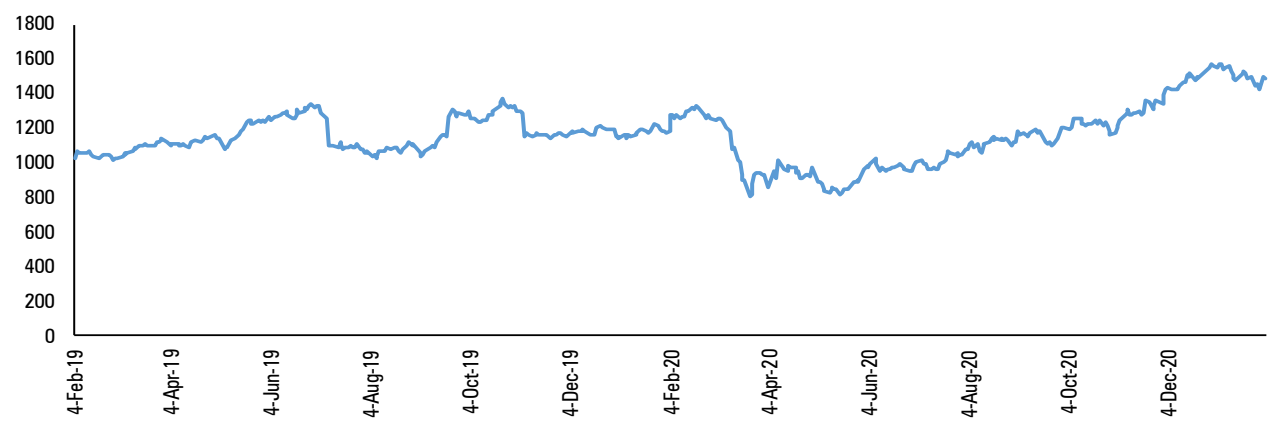
Note: Index calls may be changed, if view differs during market hours and positional recommendations given in Derivatives Strategy should not be linked to intraday index/stock calls.

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ACC



Titan Company



Source: NSE, Seediff, Bloomberg *ICICI Direct Research*
February 3, 2021

Weekly future recommendation:

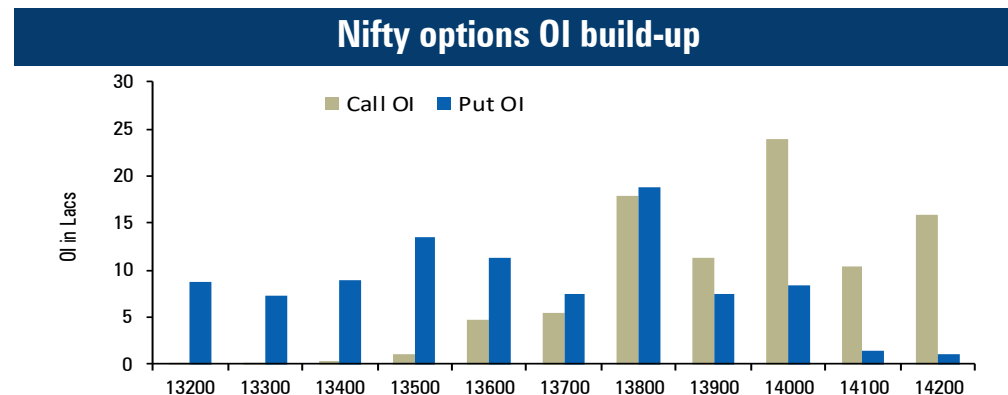
Important Note: As volatility is expected to be higher due to Union Budget 2021, we are not giving any weekly recommendation.

| Recommendation follow up | | | | | | | |
|--------------------------|---------|--------------|------|--------|----------|-------------|---------------|
| Underlying | View | Strategy | Reco | Target | Stoploss | Profit/Loss | Comment |
| Jubilant Foodworks | Bearish | Sell Futures | 2790 | 2550 | 2901 | - | Not Initiated |

Source: Bloomberg, ICICI Direct Research

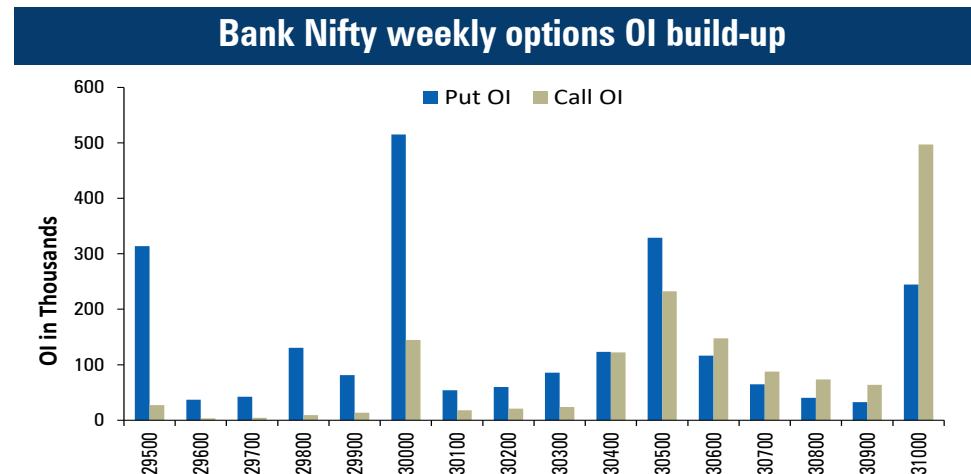
Sustainability above 13800 may trigger fresh uptrend for Nifty...

- The Nifty witnessed a subdued settlement as continued declines were seen last week and it lost almost 1000 points from the highs. Further, FII's turned negative in the last few sessions, which caused extended selling pressure. However, despite this, FIIs have bought more than ₹ 23000 crore in January till now
- The open interest in the Nifty has declined compared to the last month at inception. The February series is starting with open interest close to 9.6 million against 11.8 million shares seen in the last series. However, the roll spread has come under pressure as expected and Nifty February futures closed with just 30 points premium indicating some liquidation ahead of the Budget
- Ahead of the Union Budget, no major option concentration is visible in either Call or Put strikes. However, Put base for the February series is placed at ITM 14000 strike followed by 13500 strike. On the higher side, immediate Call concentration can be seen at 14500 strike for the monthly expiry. Moreover, volatility has remained elevated near 24 levels throughout the week as selling pressure was experienced in emerging markets
- Most index heavyweights have seen relatively low rollover as closure of positions were seen across the board. We believe fresh leverage positions will be formed post Budget which provides a further directional move. However, select auto and pharma stocks are witnessing continued short additions



Source: Bloomberg, ICICI Direct Research
February 3, 2021

- The Bank Nifty relatively outperformed the Nifty as both indices fell almost 1000 points for the week. Post the quarterly numbers of Axis Bank, the stock managed to gain 4% but a sharp recovery was seen from ₹ 1350 levels in HDFC Bank, which largely remained muted last week. Among PSU banks, Bank of Baroda saw aggressive profit booking post its quarterly numbers
- After initial spike in Volatility index – VIX towards 25.5 levels, no major spike was observed as it remained near 25 levels even though the Nifty fell by another 500 points. The Bank Nifty started the current month with relatively high OI base suggesting some short additions ahead of event
- Intraday short covering last Friday helped the index to test its weekly highest Call base. We feel a close above 31000 would open the gates for higher targets. For the main expiry, Call OI addition are visible in 32000 strike followed by 32000 whereas major Put OI concentration is placed at 29000 strike, which remains the strong support area
- Overall bias for the Bank Nifty remains positive due to no major Call writing blocks, lower leverage positions and Put writing in private banks OTM strike. If Union Budget 2021 does not disappoint, than fresh buying interest could emerge in Bank Nifty and it could move towards its sizeable Call base of 32000



Source: Bloomberg, ICICI Direct Research

Emerging markets witness some profit booking last week...

- After more than three months, FIIs turned negative last week and a round of profit booking was observed across emerging markets. While developed markets remained largely immune to the recent selling pressure, Asian indices witnessed some declines. Despite the recent selling, FIIs have already bought more than ₹ 23000 crore in January. Globally, the momentum in risk assets also paused and with strength in dollar index, metals have also lost some sheen
- FIIs remained net sellers last week as well and sold almost ₹ 2886 crore in equities in a shortened week. On the other hand, domestic institutions avoided any major buying and turned net buyers of ₹ 56 crore in equities during the week. While the weakness was observed among index heavyweights, stocks from the midcap and small cap space remained largely resilient
- In the F&O space, FIIs remained net buyers but activities have declined considerably. While they sold ₹ 2327 crore in index futures, they bought to the tune of ₹ 942 crore in the stock futures segment during the week. At the same time, FIIs bought index options worth ₹ 6619 crore during the week
- Crude remained largely under pressure below the \$54 mark amid significantly high volatility. The unexpected drop in US inventory also was unable to provide much cushion as dollar strength and fresh Covid cases in China kept the commodity under pressure. We believe upsides will be limited in crude in the near term

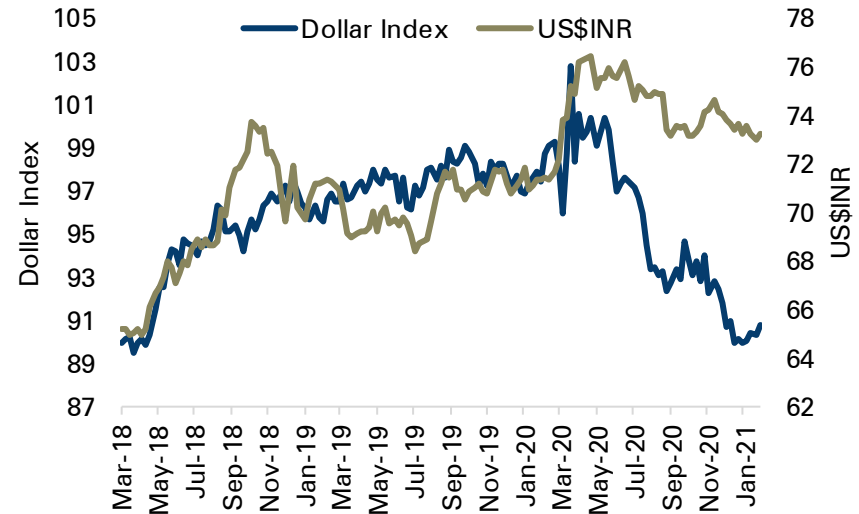
| FII/DII buying in equities (in ₹ crore) | | | | | |
|---|-----------|-----------|-----------|-------|-------|
| Date | FII | | | DII | |
| | Index Fut | Stock Fut | Index Opt | Cash | Cash |
| 22-Jan | -1471 | -467 | -1492 | -836 | -1290 |
| 25-Jan | 1861 | 672 | 1257 | -662 | -387 |
| 27-Jan | -1328 | -183 | 2109 | -1388 | -3 |
| 28-Jan | -1389 | 920 | 4746 | | 1737 |

Source: Bloomberg, ICICI Direct Research

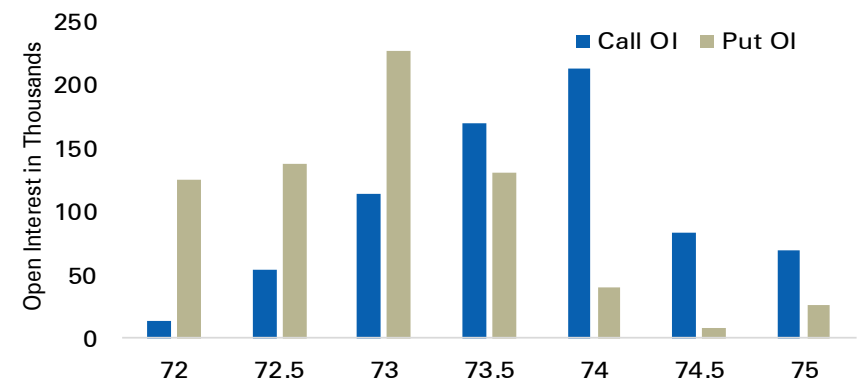
Rupee to remain in range of 73.00-73.50 levels..

- US\$INR futures remained supported for most of the week as rebound in the dollar index along with correction in domestic equities provided some support to the pair
- The dollar index gained and risk-sensitive currencies fell after an assault on hedge-fund equity short positions in the US rattled investor confidence and boosted demand for safe-haven currencies
- The dollar has also benefited since the start of the week, when investors fretted that President Joe Biden’s fiscal spending package would not be as large as the proposed \$1.9 trillion
- We expect the rupee to consolidate in the range of 73.00-73.50 levels as rebound in the dollar index along with recent correction in domestic equities may continue to provide support to the pair

Dollar Index vs. US\$INR



US\$INR Options Build-up



Weekly Pivot Levels

| Futures | S2 | S1 | Pivot | R1 | R2 |
|---------------|--------|--------|--------|--------|--------|
| US\$INR (Feb) | 72.67 | 72.93 | 73.18 | 73.44 | 73.69 |
| US\$INR (Mar) | 72.91 | 73.20 | 73.45 | 73.74 | 74.00 |
| EURINR (Feb) | 88.12 | 88.40 | 88.82 | 89.10 | 89.52 |
| EURINR (Mar) | 88.47 | 88.76 | 89.21 | 89.50 | 89.96 |
| GBPINR (Feb) | 99.57 | 99.80 | 100.17 | 100.41 | 100.78 |
| GBPINR (Mar) | 100.08 | 100.26 | 100.57 | 100.76 | 101.06 |
| JPYINR (Feb) | 69.26 | 69.56 | 70.08 | 70.38 | 70.91 |
| JPYINR (Mar) | 69.55 | 69.84 | 70.36 | 70.65 | 71.18 |

Source: Bloomberg, Reuters, ICICI Direct Research

| Date & Time (IST) | Country | Data & Events |
|-----------------------------|-----------|-------------------------------------|
| Monday, February 1, 2021 | | |
| 3:00 PM | UK | Manufacturing PMI (Jan) |
| 8:30 PM | US | ISM Manufacturing PMI (Jan) |
| Wednesday, February 3, 2021 | | |
| 3:00 PM | UK | Composite PMI (Jan) |
| 3:00 PM | UK | Services PMI (Jan) |
| 3:30 PM | Euro Zone | CPI (YoY) (Jan) |
| 6:45 PM | US | ADP Nonfarm Employment Change (Jan) |
| 8:30 PM | US | ISM Non-Manufacturing PMI (Jan) |
| Thursday, February 4, 2021 | | |
| 3:00 PM | UK | Construction PMI (Jan) |
| 5:30 PM | UK | BoE Interest Rate Decision (Feb) |
| Friday, February 5, 2021 | | |
| 11:45 AM | India | Interest Rate Decision |
| 7:00 PM | US | Nonfarm Payrolls (Jan) |
| 7:00 PM | US | Unemployment Rate (Jan) |

Source: Bloomberg, ICICI Direct Research

| Symbol | Company | Purpose | Board Meeting Date |
|------------|---|---------------------------------------|--------------------|
| TECHM | Tech Mahindra Limited | Financial Results | 30-Jan-21 |
| SHREECEM | SHREE CEMENT LIMITED | Financial Results | 30-Jan-21 |
| IDFCFIRSTB | IDFC First Bank Limited | Financial Results/Other business matt | 30-Jan-21 |
| HDFC | Housing Development Finance Corporation Limited | Financial Results/Fund Raising | 02-Feb-21 |
| TATACONSUM | TATA CONSUMER PRODUCTS LIMITED | Financial Results | 02-Feb-21 |
| ESCORTS | Escorts Limited | Financial Results/Other business matt | 02-Feb-21 |
| ADANIENT | Adani Enterprises Limited | Financial Results | 03-Feb-21 |
| RAMCOCEM | The Ramco Cements Limited | Financial Results | 03-Feb-21 |
| JUBLFOOD | Jubilant Foodworks Limited | Financial Results | 03-Feb-21 |
| BHARTIARTL | Bharti Airtel Limited | Financial Results | 03-Feb-21 |
| APOLLOTYRE | Apollo Tyres Limited | Financial Results | 03-Feb-21 |
| HINDPETRO | Hindustan Petroleum Corporation Limited | Financial Results | 04-Feb-21 |
| ZEEL | Zee Entertainment Enterprises Limited | Financial Results | 04-Feb-21 |
| TATAPOWER | Tata Power Company Limited | Financial Results/Other business matt | 04-Feb-21 |
| CONCOR | Container Corporation of India Limited | Financial Results/Other business matt | 04-Feb-21 |
| GODREJPROP | Godrej Properties Limited | Financial Results | 04-Feb-21 |
| HEROMOTOCO | Hero MotoCorp Limited | Financial Results | 04-Feb-21 |
| NTPC | NTPC Limited | Financial Results/Dividend | 04-Feb-21 |
| RECLTD | REC Limited | Financial Results | 04-Feb-21 |
| SBIN | State Bank of India | Financial Results | 04-Feb-21 |
| M&M | Mahindra & Mahindra Limited | Financial Results/Other business matt | 05-Feb-21 |
| CADILAHC | Cadila Healthcare Limited | Financial Results | 05-Feb-21 |
| BRITANNIA | Britannia Industries Limited | Financial Results | 05-Feb-21 |

Source: Bloomberg, ICICI Direct Research

| Date | Scrip | Action | Recommendation |
|----------|---------------|--------|--|
| 7-Jan-21 | Britannia | Sell | Positional Futures: Sell Britannia Feb future in the range of 3540-3580, Target: 3240; Stop Loss: 3730, Time frame: till Feb expiry |
| 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 |

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Source: Bloomberg, ICICI Direct Research

| Date | Scrip | Action | Buy Price | Target | SL | CMP | %Ret | Time Frame |
|-----------|------------------|--------|-----------|--------|--------|------|-------|------------|
| 4-Jan-21 | Muthoot Finance | Buy | 1225-1250 | 1470 | 1105.0 | 1167 | -5.5% | 3 months |
| 6-Jan-21 | Glenmark Pharma | Buy | 505-520 | 605 | 464.0 | 488 | -4.7% | 3 months |
| 22-Jan-21 | Hero Motocorp | Buy | 3320-3380 | 3950 | 3050.0 | 3293 | -2.6% | 3 months |
| 1-Feb-21 | Exide Industries | Buy | 188-194 | 230 | 172.5 | 201 | 3.6% | 3 months |
| 1-Feb-21 | DLF | Buy | 258-268 | 320 | 238.0 | 294 | 10.9% | 3 months |
| 2-Feb-21 | Ramco Cement | Buy | 850-867 | 995 | 782.0 | 877 | 1.4% | 3 months |

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Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruvi Trade Centre,
Road no.7, MIDC
Andheri (East)
Mumbai – 400 093
research@icicidirect.com



Source: Bloomberg, ICICI Direct Research

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ICICI Securities Ltd. | Retail Equity Research

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