

June 7, 2021

# Derivatives View

[Daily view](#)

[Weekly view](#)

## Stock recommendations in report

Action	Scrip	Target 1	Target 2	Stoploss	Time frame
Buy GRASIM June Fut at ₹ 1512.00-1514.00	Grasim	1531.9	1560.4	1494.1	Intraday
Sell SUNPHA June Fut at ₹ 674.00-675.00	Sun Pharmaceutical	668.1	658.4	680.9	Intraday
Buy NIIFIN June Fut at ₹ 16700.00-16750.00	FINNIFTY	16850.0	16950.0	16600.0	Intraday
Buy HERHON June Fut at ₹ 3030.00-30400.00	Hero MotoCorp	3195.0		2945.0	Weekly

## Other Product offerings

### Derivatives Strategy

Underlying	Action
Tata Motors	Buy

Duration : 1-2 months

Click here to see [open calls](#)

### Quant (Derivatives) Pick

Underlying	Action
HDFC	Buy
BEL	Buy

Duration : 1-3 months

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# Intraday Outlook: Buy Bank Nifty in the range of 35200-35250

## Index Outlook

### Nifty Future

- ❖ The Nifty is expected to trade between 15550 and 15800 amid high volatility. Sell Nifty 15500 Put (June 10 expiry) in the range of ₹ 40-42 Target: ₹ 26-16 Stop loss : ₹ 57

### Bank Nifty Future

- ❖ The Bank Nifty witnessed profit booking from higher levels as it closed with a loss of more than 0.70%. The banking index was the top loser, which dragged the Nifty lower. According to options data, 35500 Call option and Put Option witnessed meaningful OI addition. Hence, we expect the index to trade in this range. Buy Bank Nifty in the range of 35200-35250 Target: 35400-35500 Stop loss: 35050

### F&O Highlights

- ❖ The Nifty opened higher but closed almost flat. Though the index remained muted, broader markets witnessed healthy buying as advance decline ratio was in favour of bulls. Looking at options data, 15500 Put option and 15700 Call option hold substantial OI, which indicates that the index should trade around this level

### Stock Analysis

**Long build-up/short covering:** Grasim, LIC Housing Finance, Ashok Leyland, Coal India, Tata Motors and ONGC

**Short build-up/profit booking:** Sun Pharmaceutical, Siemens, RBL Bank, Havells, Interglobe Aviation and RIL

### FII & DII Action

- ❖ FIIs bought ₹ 1499 crore while DIIs sold ₹ 1175 crore in the cash segment. FIIs sold index futures worth ₹ 614 crore while in index options they bought ₹ 2792 crore. In the stock futures segment, they sold ₹ 616 crore

### Intraday Recommendations

i) Grasim	ii) Sun Pharmaceutical
<b>Buy GRASIM June Fut at ₹ 1512.00-1514.00</b>	<b>Sell SUNPHA June Fut at ₹ 674.00-675.00</b>
CMP: 1510.15	CMP: 677.40
Target 1: 1531.9      Target 2: 1560.4	Target 1: 668.1      Target 2: 658.4
Stop Loss: 1494.1	Stop Loss: 680.9

#### Note:

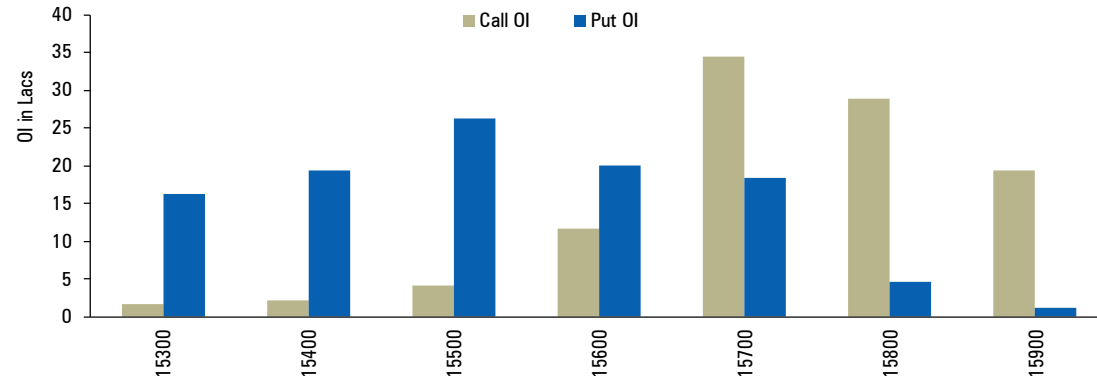
Note: Call initiation message will be broadcast on iclick-2-gain, if it is not initiated in opening session, then we might initiate with revise levels on iclick-2-gain.

## Highlights of the last session & Pivot Levels

	Spot	Fut	Basis	Future OI	PCR OI	PCR Vol	ATM IV
<b>Current</b>	15670	15701	31	11505600	1.30	0.95	15.94
<b>Previous</b>	15690	15712	22	11438900	1.66	1.38	15.74
<b>Change (%)</b>	-0.13%	-0.07%	-	0.58%	-	-	1.25%
	S3	S2	S1	Piv	R1	R2	R3
<b>Nifty future</b>	15576	15602	15651	15704	15753	15806	15831
<b>Bank Nifty future</b>	34843	34996	35252	35606	35863	36217	36370

Nifty futures ended at a premium of 31 points while IV was up 1.25%

## Weekly Nifty Options OI build-up



The major Put base is at 15500 strike with 26 lakh shares while the major Call base is at the 15700 strike with 34 lakh shares

## Strategy follow up

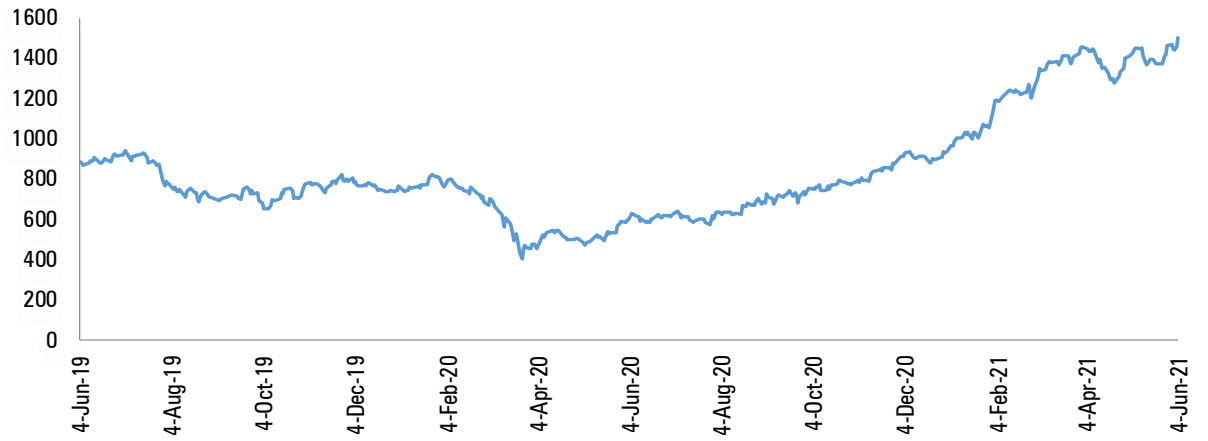
Date	Stock	View	Strategy	Reco	Target	SL	P&L	Comment
4-Jun-21	MAXFIN	Buy	Long Fut	965.0	978.8	951.2	-	Not initiated
4-Jun-21	HCLTEC	Sell	Short Fut	942.0	929.1	954.9	-	Not initiated

**Note:** Index/ Stocks 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.

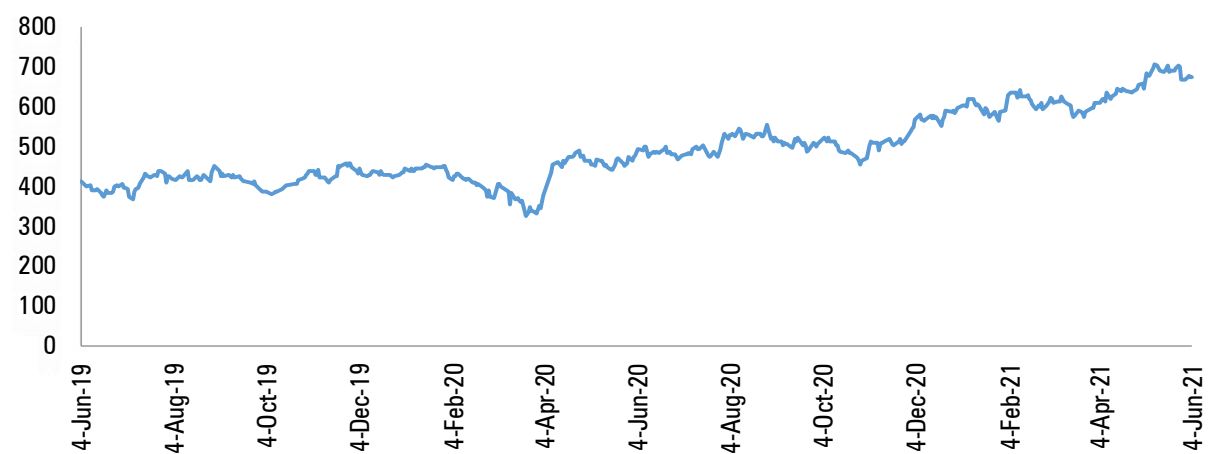
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Source: NSE, Seediff, Bloomberg ICICI Direct Research

## Grasim



## Sun Pharmaceutical



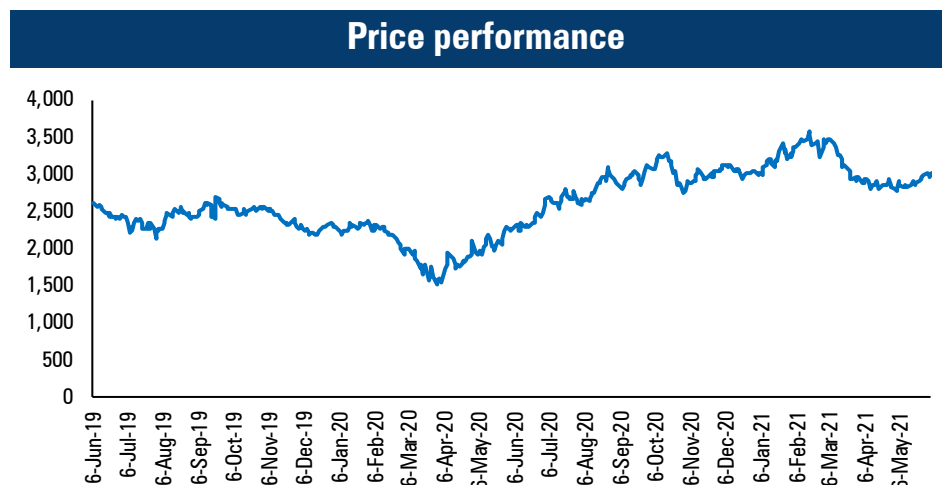
Source: NSE, Seediff, Bloomberg ICICI Direct Research

## Weekly future recommendation :

Long Hero MotoCorp (HERMOT) June future in range of ₹ 3030-3040; Target: ₹ 3195; Stop Loss: ₹ 2945

### Rationale

Most auto stocks performed well in the expiry week and then saw consolidation. Hero MotoCorp relatively underperformed and was facing a hurdle near its major Call base of 3000. The stock has finally managed to close above ₹ 3000 levels along with closure in ATM strike Call. We feel in the two wheeler space, follow up rally in Hero MotoCorp is expected amid short covering. It is well placed to move towards ₹ 3200.

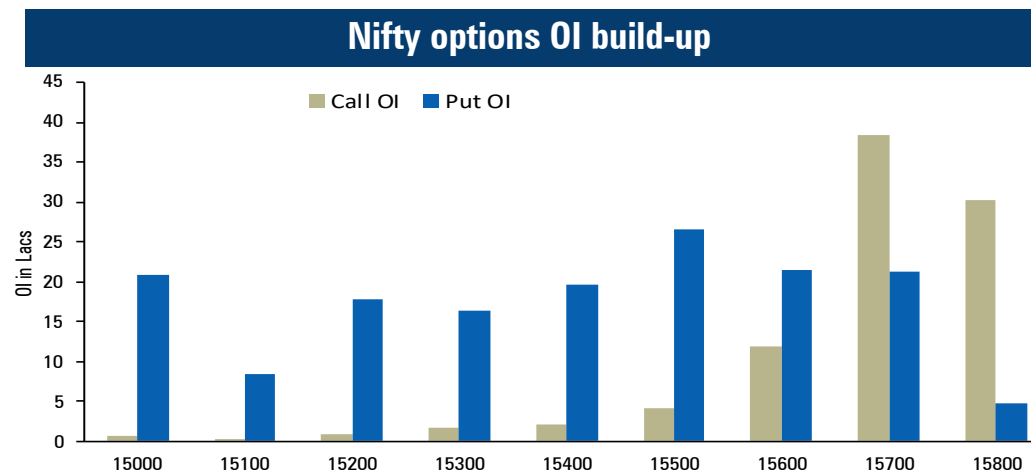


Recommendation follow up							
Underlying	View	Strategy	Reco	Target	Stoploss	Profit/Loss	Comment
Ultratech Cement	Bullish	Buy Futures	6600.0	7000.0	6395.0	8500	Profit Booked

Source: Bloomberg, ICICI Direct Research

# Nifty: Support placed near 15400 in current uptrend...

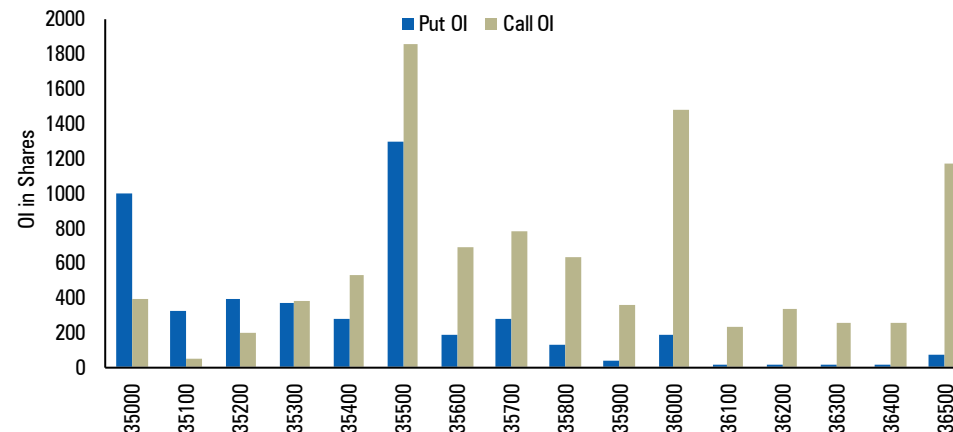
- The Nifty continued to trade higher and gained another 1.5% last week without any major participation from index heavyweights. Broader markets continued to perform better and both midcap, small cap indices registered gains of almost 2.5% each last week. Going ahead, we expect some consolidation in the index with support near 15300 in the coming week
- We believe that participation from index heavyweights will be crucial for continuance of the up move. While heavyweights from banking and technology space are hovering near their highest Call bases, further consolidation cannot be ruled out. In such a scenario, one should create long positions on any profit booking. We expect 15400 to act as immediate support for the index
- On the options front, the highest Call option concentration is at ATM 15700 Call strike with almost 42 lakh shares, which is the highest OI base among Call and Put strikes. Among Put strikes, the highest Put base is placed at the 15500 strike. On the index futures front, net short positions from FII are one of the lowest ever and some short accumulation should be seen at higher levels. This may keep upsides restricted for the Nifty in short-term
- The volatility index has moved to its lowest levels since February 2020 and trading near 16 levels. Such low levels also suggest some caution in the market and a rise in volatility cannot be ruled out, which may result in the Nifty moving towards 15500 in short-term



Source: Bloomberg, ICICI Direct Research  
June 7, 2021

- Major indices started the June series with higher OI base at ATM strikes. Even though supportive buying was seen there is no closure in ATM strike Calls
- For the week, banking stocks remained almost flat with stock specific activity. Last week we saw addition in 35500 strike straddle. On the back of that the index ended almost flat
- However, Call writing activity remained higher in ATM and OTM strike Calls. Major Call OI base for the week is well distributed from 35500 to 36500 strikes whereas again this week combined OI is higher in ATM strike Straddle of 35500, which is likely to keep index move in range
- Among private leaders, we feel HDFC Bank and Axis Bank are likely to consolidate whereas supportive action could be possible from Kotak Mahindra Bank. Looking at the declining IVs and buying by FIIs in the cash segment we feel a move towards 34500 levels would be a buying opportunity

## Bank Nifty weekly options OI build-up



Source: Bloomberg, ICICI Direct Research

- Risk assets exhibited mixed behaviour last week. While equities seems to be moving into consolidation phase, metal prices have seen some correction. The positive economic data from the US has raised concerns regarding some sort tapering in coming months. While US 10 year treasury yields have been in the range for some time, a fresh move cannot be ruled out. However, Asian equities have remained relatively resilient and continue to perform
- FIIs remained net buyers throughout the last week and bought more than ₹ 8300 crore during the week. However, major buying was seen in month end when they were the net buyers of more than ₹ 5100 crore. Once again major action again was experienced in the midcap and small cap space while consolidation was experienced among index heavyweights. On the other hand, activities from domestic institutions remained muted. They have bought almost ₹ 1650 crore during the week
- In the F&O space, FII activity was significantly reduced. It was primarily seen in the index options segment. While they were net sellers in the index futures segment worth ₹ 386 crore, they also sold stock futures to the tune of ₹ 1750 crore during the week. At the same time, FIIs also sold index options worth ₹ 1115 crore during the week
- Nymex crude continued its positive momentum last week and moved to its highest levels since 2018 as the demand scenario improves across the globe due to reopening of economies. However, expected supply from Iran and increased production from Opec members may keep the up move in check. We expect Nymex crude to trade within a range with positive bias and support around \$65 in the short-term

FII/DII buying in equities (in ₹ crore)					
Date	FII			DII	
	Index Fut	Stock Fut	Index Opt	Cash	Cash
28-May	438	-975	1687	415	1275
31-May	-690	-201	2624	5160	180
1-Jun	414	215	-1873	531	230
2-Jun	-1107	65	-547	1119	241
3-Jun	560	-854	-3008	1079	-278

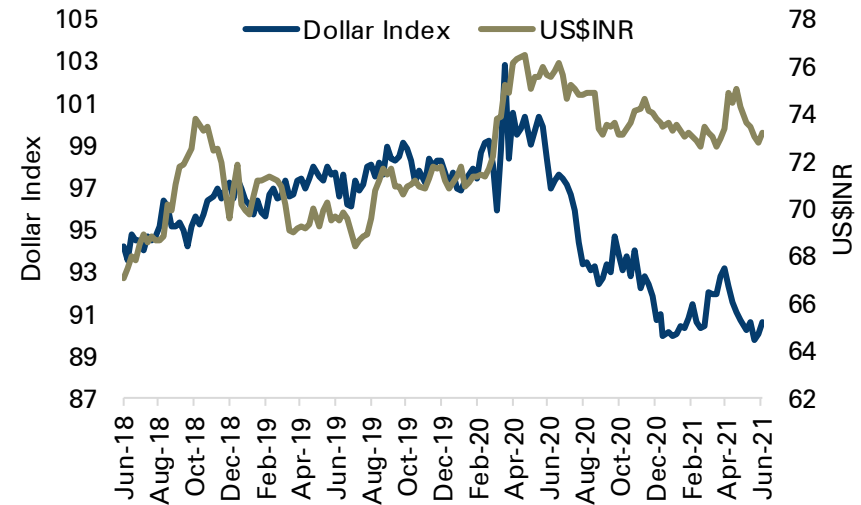
Source: Bloomberg, ICICI Direct Research



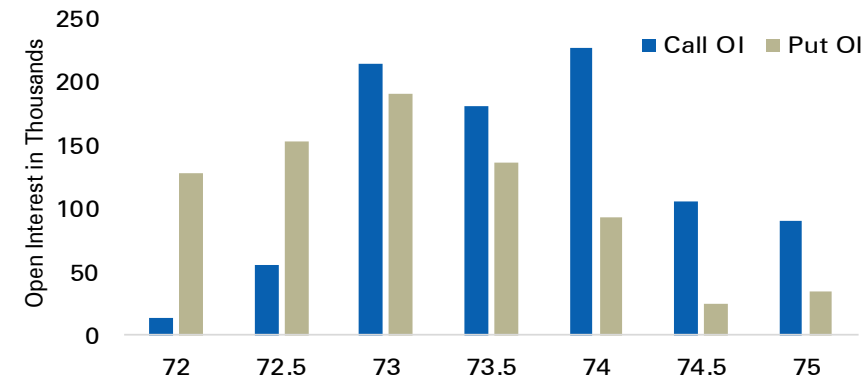
# Rupee: Depreciation to continue towards 74.00 level..

- The rupee depreciated sharply last week as a rebound in the dollar index eased some pressure from the pair
- The dollar index held near a three-week high on Friday. Moves in the currency markets were muted as traders waited for closely-watched US non-farm payrolls data later in the session
- Currency investors are looking for indications of the strength of the US economic recovery and the possibility of the Federal Reserve tightening its monetary policy, which is seen as positive for the dollar
- Overall, we expect the rupee depreciation to continue towards 74.00 level as a rebound in the dollar index is likely to support the pair in the short term

## Dollar Index vs. US\$INR



## US\$INR Options Build-up



## Weekly Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jun)	72.27	72.75	73.16	73.65	74.05
US\$INR (Jul)	72.72	72.92	73.20	73.40	73.69
EURINR (Jun)	87.79	88.27	89.06	89.54	90.33
EURINR (Jul)	88.10	88.58	89.42	89.90	90.74
GBPINR (Jun)	102.46	102.92	103.48	103.94	104.49
GBPINR (Jul)	102.77	103.24	103.84	104.32	104.92
JPYINR (Jun)	65.85	66.17	66.62	66.94	67.38
JPYINR (Jul)	66.15	66.44	66.90	67.19	67.64

Source: Bloomberg, Reuters, ICICI Direct Research

Date & Time (IST)	Country	Data & Events
Tuesday, June 8, 2021		
5:20 AM	Japan	GDP (QoQ) (Q1)
7:30 PM	US	JOLTs Job Openings (Apr)
Wednesday, June 9, 2021		
8:00 PM	US	Crude Oil Inventories
Thursday, June 10, 2021		
5:15 PM	Euro Zone	Deposit Facility Rate (Jun)
5:15 PM	Euro Zone	ECB Interest Rate Decision (Jun)
6:00 PM	US	Core CPI (MoM) (May)
Friday, June 11, 2021		
11:30 AM	UK	Manufacturing Production (MoM) (Apr)

Source: Bloomberg, ICICI Direct Research

SYMBOL	COMPANY NAME	PURPOSE	MEETING DATE
INDIGO	InterGlobe Aviation Limited	Financial Results	05-Jun-21
SRTRANSFIN	Shriram Transport Finance Company Limited	Fund Raising	07-Jun-21
MRF	MRF Limited	Financial Results/Dividend	07-Jun-21
MFSL	Max Financial Services Limited	Financial Results	08-Jun-21
BATAINDIA	Bata India Limited	Financial Results/Dividend	09-Jun-21
GAIL	GAIL (India) Limited	Financial Results/Other business matters	09-Jun-21
SUNTV	Sun TV Network Limited	Financial Results	11-Jun-21
BHEL	Bharat Heavy Electricals Limited	Financial Results	11-Jun-21

*Source: Bloomberg, ICICI Direct Research*

Date	Scrp	Action	Recommendation
02-Jun-21	Tata Motors	Buy	<b>Positional Option:</b> Buy Tata Motors June 330 Call at 10-12, Target: 25, Stop-loss: 4.9, Time-frame: till June expiry.
04-Jun-21	Bank Nifty	Sell	<b>Positional Option:</b> Sell Bank Nifty 10 June 36500 Call 90-100, Target: 2, Stop-loss: 200, Time-frame: till 10 June expiry.

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*Source: Bloomberg, ICICI Direct Research*

Date	Scrip	Action	Buy Price	Target	SL	CMP	%Ret	Time Frame
10-May-21	HDFC	Buy	2525-2565	2950	2348	2619	3.1%	3 months
18-May-21	BEL	Buy	151-154	180	137.5	153	0.2%	3 months
24-May-21	Lupin	Buy	1200-1225	1430	1098	1232	1.8%	3 months
04-Jun-21	Page Industries	Buy	30350-30650	27850	36200	31043	1.8%	3 months

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Source: Bloomberg, ICICI Direct Research

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