

March 22, 2021

Other Product offerings

Derivatives Strategy

Underlying	Action
Bharti Airtel	Buy
Bank Nifty	Buy

Duration : 1-2 months

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Quant (Derivatives) Pick

Underlying	Action
ITC	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 GRASIM MAR Fut at ₹ 1418.00-1420.00	Grasim	1428.5	1442.7	1409.5	Intraday
Sell INTAVI MAR Fut at ₹ 1665.00-1667.00	InterGlobe Aviation	1648.0	1621.0	1684.0	Intraday
Buy BATIND MAR Fut at ₹ 1478.00-1483.00	Bata India	1556.0		1441.0	Weekly

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

Index Outlook

Nifty Future

- ❖ The Nifty is expected to trade between 14500 and 15000 amid high volatility. Sell Nifty 14300 Put (March 25 expiry) in the range of ₹ 43-45 Target: ₹ 29-19 Stop loss : ₹ 59

Bank Nifty Future

- ❖ On Friday, the Bank Nifty started the day on a weak note but overturned selling pressure and gained strength as the day progressed. Healthy buying was seen in PSU banks compared to private counterparts. According to options data, 34000 Put option has noteworthy OI, which should act as a base above which short covering can be expected towards its highest Call base of 35000 strike. Buy Bank Nifty in the range of 34000-34100 Target: 34400-34500 Stop loss: 33750

F&O Highlights

- ❖ The Nifty opened lower on the back of negative global cues but found support and recovered. Sectorally, FMCG and metal led the up move along with Reliance Industries while the realty space was the only exception, which closed in the red. According options data, the highest Put base of 14500 strike is likely to keep downsides restricted

Stock Analysis

Long build-up/short covering: Grasim, PI Industries, Hindustan Unilever, Power Grid, Tata Power and Tata Steel

Short build-up/profit booking: InterGlobe Aviation, Trent, Godrej Properties, Apollo Hospitals and L&T

FII & DII Action

- ❖ FIIs bought ₹ 1418 crore while DIIs bought ₹ 560 crore in the cash segment. FIIs bought index futures worth ₹ 1507 crore while in index options they bought ₹ 1037 crore. In the stock futures segment, they bought ₹ 1496 crore

Intraday Recommendations

i) Grasim	ii) InterGlobe Aviation
Buy GRASIM MAR Fut at ₹ 1418.00-1420.00	Sell INTAVI MAR Fut at ₹ 1665.00-1667.00
CMP: 1416.00	CMP: 1669.15
Target 1: 1428.5 Target 2: 1442.7	Target 1: 1648 Target 2: 1621
Stop Loss: 1409.5	Stop Loss: 1684

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.

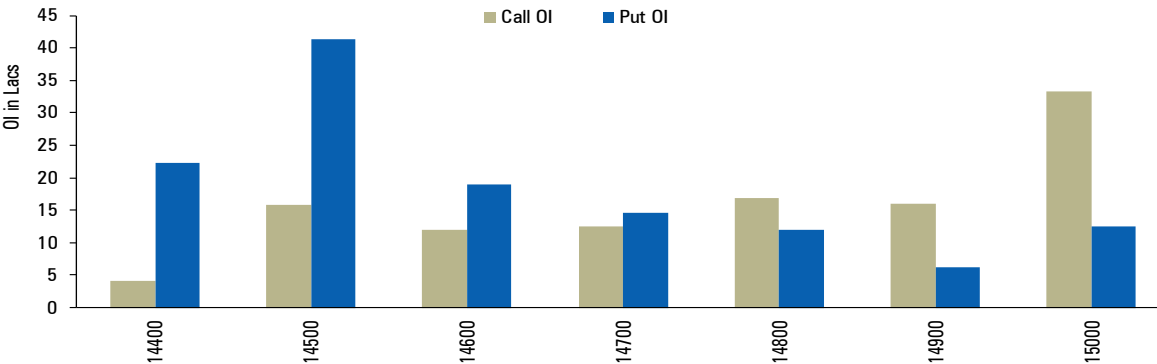
Highlights of the last session & Pivot Levels

	Spot	Fut	Basis	Future OI	PCR OI	PCR Vol	ATM IV
Current	14744	14757	13	12240075	0.97	0.90	19.98
Previous	14558	14577	19	12490125	0.83	0.86	20.08
Change (%)	1.28%	1.23%	-	-2.00%	-	-	-0.50%

	S3	S2	S1	Piv	R1	R2	R3
Nifty future	14102	14211	14484	14644	14917	15078	15186
Bank Nifty future	32674	32942	33574	34012	34644	35082	35349

Nifty futures ended at a premium of 13 points while IV was down by 0.50%

Weekly Nifty Options OI build-up



The major Put base is at 14500 strike with 41 lakh shares while the major Call base is at the 15000 strike with 33 lakh shares

Strategy follow up

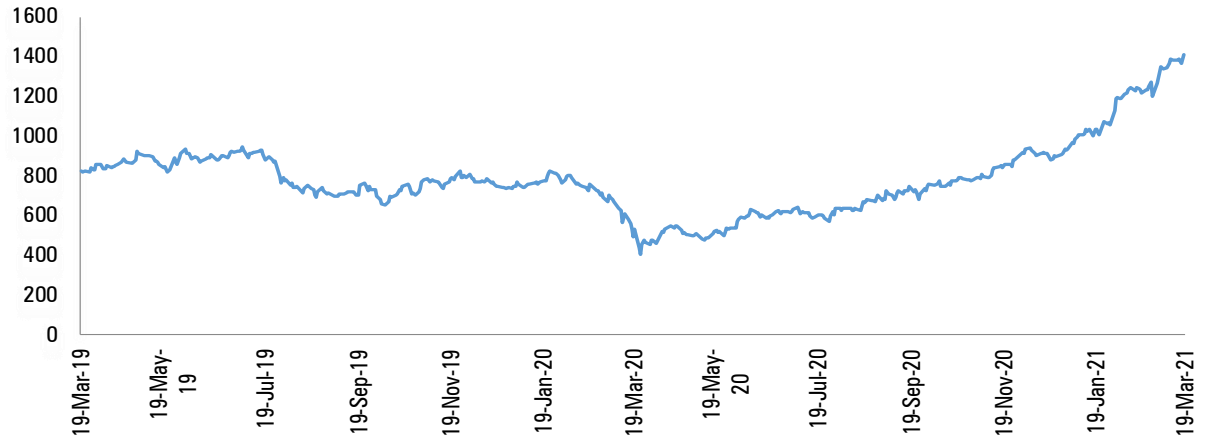
Date	Stock	View	Strategy	Reco	Target	SL	P&L	Comment
19-Mar-21	BAAUTO	Buy	Long Fut	3682.5	3718.5	3646.5	-	Not initiated
19-Mar-21	PIDIND	Sell	Short Fut	1714.5	1696.5	1732.5	-	Not initiated

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.

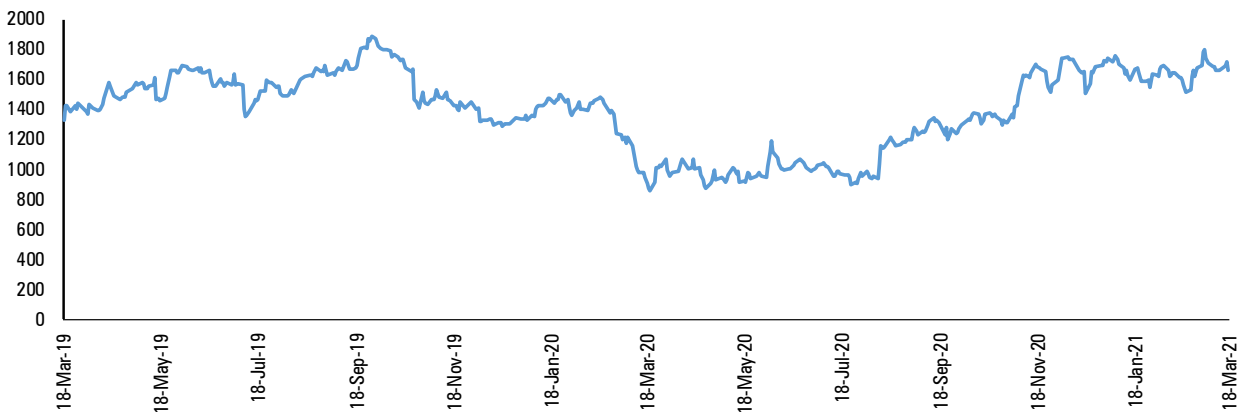
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Source: NSE, Seediff, Bloomberg ICICI Direct Research

Grasim



InterGlobe Aviation



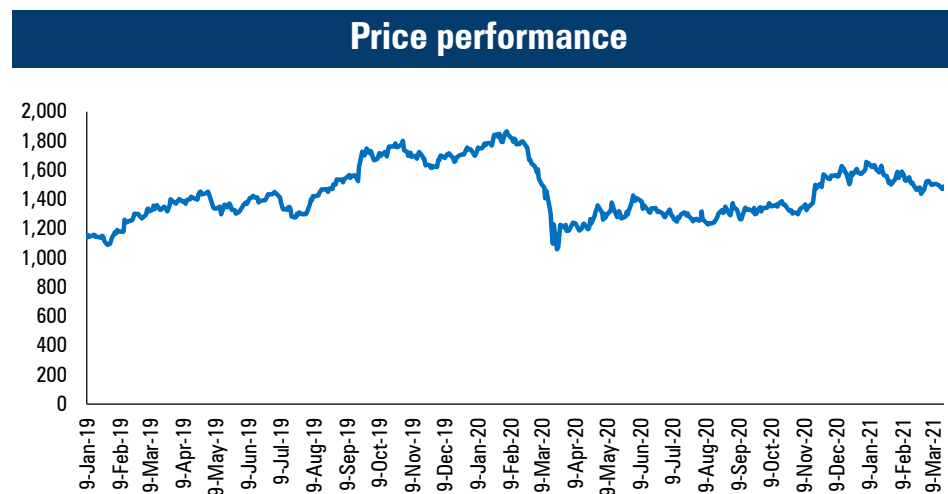
Source: NSE, Seediff, Bloomberg ICICI Direct Research
March 22, 2021

Weekly future recommendation:

Long Bata India (BATIND) March future in range of ₹ 1478-1483; Target: ₹ 1556; Stop Loss: ₹ 1441

Rationale

In the recent leg of profit booking in the Nifty, Bata remained quite resilient and consolidated above ₹ 1450 levels. In the last couple of sessions, the OI in the stock was declining and no major OI shifted to the April series, which is pointing towards ongoing short covering. We believe the stock could move upwards as it has found support from its major Put base on the back of short covering in the settlement week. Hence, Bata can be bought around current levels for upside target of ₹ 1560.

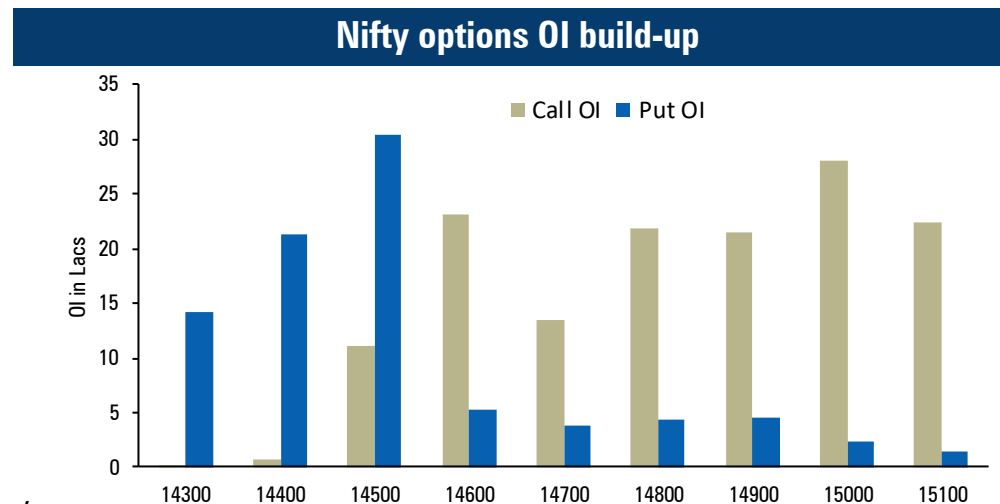


Recommendation follow up							
Underlying	View	Strategy	Reco	Target	Stoploss	Profit/Loss	Comment
Berger Paints	Bearish	Sell Futures	726	680	752	0	Not Initiated

Source: Bloomberg, ICICI Direct Research

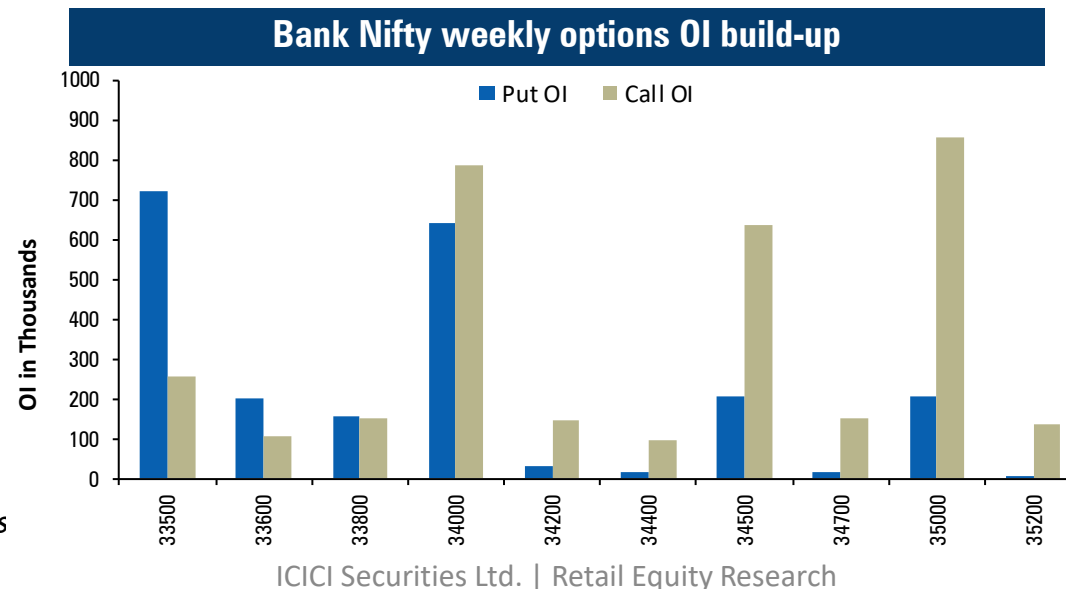
Nifty likely to respect highest Put base of 14500 in March settlement...

- The Nifty witnessed extreme volatility last week and made lows near 14350 as sustained selling was seen on every rise. Some recovery was seen on Friday helping the Nifty to end near 14750, losing almost 2% in the week. Meanwhile, broader markets also remained lacklustre and both midcap and small cap indices underperformed the Nifty. Going ahead, we expect the Nifty to respect its highest Put base at 14500 for the March settlement while stock specific volatility is likely to continue due to rollover activity
- While banking remained a major laggard, the technology and pharma space also joined in the last few sessions as the Nifty moved below 14500. However, stocks from the FMCG space exhibited some resilience and witnessed a sharp pullback on Friday along with Reliance Industries helping the index to recover
- On the data front, the major Call base for the settlement week is placed at 15000 strikes, which should be immediate hurdle for the index in the short term. Moreover, the roll spread for the April series is significantly higher near 80 points. Such high spread indicates prevailing caution in the market. Despite the large move seen on Friday, no major change in options accumulation was seen and major OI distribution remained at 14500 Put and 15000 Call. Moreover, March series VWAP levels near 14900 should act as immediate hurdle for the March settlement
- Despite recent declines, volatility index VIX has remained subdued and hovered around 20 points. While Put writers have moved lower, aggressive writing in Call options has kept the volatility index under pressure. Hence, a sharp reversal in the index seems less probable at the current juncture



Source: Bloomberg, ICICI Direct Research
March 22, 2021

- The Bank Nifty violated its Put base much earlier than the Nifty and traded below 35000, which resulted in further profit booking during the week. Most banking heavyweights gave up their gains and approached its Put base of the March series. However, the volatility index remained muted near the 20% band despite aggressive selling in the week along with appreciation in the rupee
- The Bank Nifty made a low of 33400 last Friday and reverted almost 900 points in intraday itself. The banking index has started the coming week with highest Call & Put base at the 34000 strike. We feel this will force the index to remain in a broader range with strong support for the expiry week at 33000 levels
- Stock specific activity should be seen due to rollover but we feel the index is likely to move towards 35000-35200 on upsides. Due to elevated IVs in Bank Nifty, OTM Put writing is visible, which is likely to limit downsides
- The current price ratio of Bank Nifty/Nifty declined marginally to 2.31 levels. We feel the ratio has strong support near 2.30-2.28 range and major underperformance in banking stocks is unlikely to happen



Source: Bloomberg, ICICI Direct Res

March 22, 2021

- The risk-on rally witnessed some cool-off as a surge in US bond yields triggered profit booking in equities. Despite the Fed's announcement regarding no change in interest rates, US 10 years still surged sharply towards 1.74 levels as inflation worries came to the forefront. However, global equity markets remained largely range bound and some cool-off was seen in the commodity space
- FIIs turned buyers last week despite weakness in equities and bought almost ₹ 8676 crore. However, a couple of block deals during the week inflated the figures including SBI block deal of near ₹ 4500 crore. On the other hand, domestic institutions turned net sellers once again and sold ₹ 4539 crore in equities during the week. Broader markets also underperformed owing to financial year end profit booking
- In the F&O space, FII activity was relatively lower last week. While they have were net sellers in the index futures segment worth ₹ 453 crore, they also sold to the tune of ₹ 1058 crore in the stock futures segment during the week. At the same time, FIIs bought index options worth ₹ 11880 crore during the week
- Nymex crude came under sharp selling pressure last week and moved below the stated support of \$62. In a week, it has erased the gains of last two weeks and fresh demand concerns due to rising Covid cases worldwide can be attributed to recent profit booking. We expect Nymex crude to witness some consolidation after such sharp declines where sideways to negative moves towards \$56 can be expected

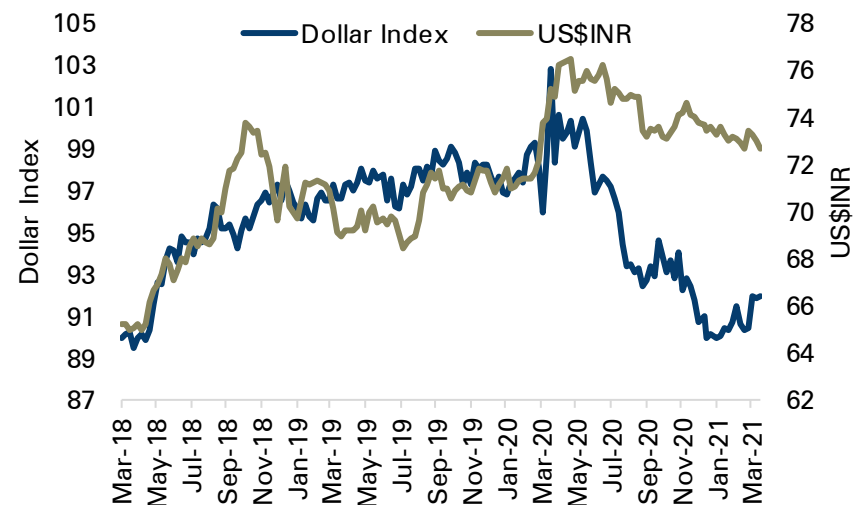
FII/DII buying in equities (in ₹ crore)					
Date	FII			DII	
	Index Fut	Stock Fut	Index Opt	Cash	Cash
12-Mar	-586	-1357	1889	3834	-943
15-Mar	-497	-801	2886	-959	-749
16-Mar	275	293	-706	2675	-1169
17-Mar	-6	-53	652	3128	-562
18-Mar	361	859	7158		-1116

Source: Bloomberg, ICICI Direct Research

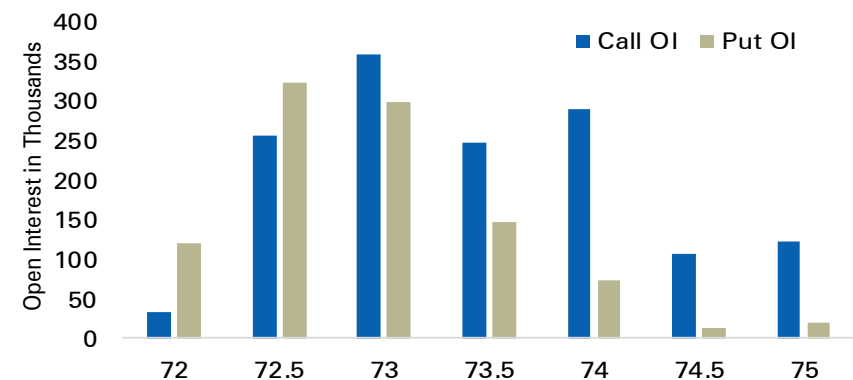
Rupee: Likely to spend some time near 72.50 levels...

- US\$INR futures fell further last week as foreign inflows into domestic equities continued to keep pressure on the pair. However, a rebound in the dollar index provided some support to the pair
- US Treasury yields dipped slightly from near 14-month highs while investors digested the Federal Reserve's pushback against expectations of any early interest-rate hikes
- The Federal Open Market Committee (FOMC) pledged to press on with aggressive monetary stimulus, saying a near-term spike in inflation would prove temporary amid projections for the strongest US economic growth in nearly 40 years
- We expect the rupee to spend some time near 72.50 level as it holds highest Put base for the month. A marginal up move towards 72.80 cannot be ruled out

Dollar Index vs. US\$INR



US\$INR options build-up



Weekly pivot levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Mar)	72.19	72.40	72.66	72.87	73.13
US\$INR (Apr)	72.54	72.77	73.09	73.32	73.64
EURINR (Mar)	85.88	86.16	86.68	86.96	87.47
EURINR (Apr)	86.46	86.72	87.21	87.47	87.96
GBPINR (Mar)	99.54	100.35	101.26	102.07	102.98
GBPINR (Apr)	100.29	100.98	101.62	102.31	102.94
JPYINR (Mar)	66.24	66.50	66.68	66.93	67.12
JPYINR (Apr)	66.62	66.88	67.06	67.31	67.50

Source: Bloomberg, Reuters, ICICI Direct Research

Date & Time (IST)	Country	Data & Events
Monday, March 22, 2021		
7:30 PM	US	Existing Home Sales (Feb)
Tuesday, March 23, 2021		
12:30 PM	UK	Average Earnings Index + Bonus (Jan)
12:30 PM	UK	Claimant Count Change (Feb)
7:30 PM	US	New Home Sales (Feb)
Wednesday, March 24, 2021		
12:30 PM	UK	CPI (YoY) (Feb)
3:00 PM	UK	Composite PMI (Mar)
3:00 PM	UK	Manufacturing PMI (Mar)
3:00 PM	UK	Services PMI (Mar)
6:00 PM	US	Core Durable Goods Orders (MoM) (Feb)
7:30 PM	US	Fed Chair Powell Testifies
8:00 PM	US	Crude Oil Inventories
Thursday, March 25, 2021		
6:00 PM	US	GDP (QoQ) (Q4)

Source: Bloomberg, ICICI Direct Research

Date	Scrp	Action	Recommendation
19-Mar-21	Bharti Airtel	Buy	Buy Bharti Airtel April Future at 530-534 & sell 560 Call at 14-16, Target: 576, Stop loss: 504.5, Time frame: Till April expiry
19-Mar-21	Bank Nifty	Buy	Positional Option: Sell Bank Nifty Mar 32500 Put at 145-165, target: 2, stoploss: 315. Time Frame: till March expiry

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Source: Bloomberg, ICICI Direct Research

Date	Scrip	Action	Buy Price	Target	SL	CMP	%Ret	Time Frame
11-Feb-21	Tata Consumer Products	Buy	600-615	720	552	600	-1.3%	3 months
16-Feb-21	United Breweries	Buy	1250-1280	1510	1145	1218	-3.7%	3 months
26-Feb-21	NTPC	Buy	105.5-107.5	122	98.5	109	1.4%	1 months
04-Mar-21	Sun Pharma	Buy	625-635	738	570	578.3	-8.5%	3 months
09-Mar-21	Hcl Technologies	Buy	950-970	1135	874	960	-0.5%	3 months
16-Mar-21	ITC	Buy	204-208	238	186	223	7.7%	3 months

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Source: Bloomberg, ICICI Direct Research

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