

May 10, 2021

Derivatives View

[Daily view](#)

[Weekly view](#)

Stock recommendations in report

Action	Scrip	Target 1	Target 2	Stoploss	Time frame
Buy COALIN May Fut at ₹ 137.50-138.00	Coal India	139.9	143.1	135.6	Intraday
Sell JUBFOO May Fut at ₹ 2750.00-2754.00	Jubilant Foodworks	2716.0	2662.0	2788.0	Intraday
Buy NIFFIN May Fut at ₹ 15770.00-15800.00	FINNIFTY	15900.0	15950.0	15700.0	Intraday
Sell TECHM APR Fut at ₹ 970.00-975.00	Tech Mahindra	905.0		1015.5	Weekly

Other Product offerings

Derivatives Strategy

Underlying	Action
Hindalco	Buy

Duration : 1-2 months

Click here to see [open calls](#)

Quant (Derivatives) Pick

Underlying	Action
Sun Pharma	Buy
UPL	Buy
NTPC	Buy

Duration : 1-3 months

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Intraday Outlook: Buy Bank Nifty in the range of 33000-33100

Index Outlook

Nifty Future

- ❖ The Nifty is expected to trade between 14800 and 15000 amid high volatility. Sell Nifty 14550 Put (May 12 expiry) in the range of ₹ 40-42 Target: ₹ 26-16 Stop loss : ₹ 57

Bank Nifty Future

- ❖ On Friday, for a major part of the day, the Bank Nifty consolidated in a broader range. Select PSU and private banks witnessed profit booking whereas late selling in leading private banks added further pressure. Looking at the OI in ATM and near OTM Calls, we feel 33500 will act as hurdle on upsides. However, on the downside, 32500 remains a strong support. Buy Bank Nifty in the range of 33000-33100 Target: 33300-33500 Stop loss: 32850

F&O Highlights

- ❖ The short covering rally continued for a second consecutive session in a row on the back of positive global cues. Sectorally, action was seen in metal, oil & gas and power stocks whereas profit taking was seen in select technology and FMCG stocks. On the options front, additions were seen in 14800 and 14500 Put strikes that should act as support on downsides. We feel upsides are likely to continue as long as it trades above 14800

Stock Analysis

Long build-up/short covering: NMDC, Tata Steel, Vedanta, DLF, Escorts, BPCL, HDFC Bank and Tata Motors

Short build-up/profit booking: SRF, IRCTC, Bajaj Auto, Gail, TVS Motors, Lupin and Dabur India

FII & DII Action

- ❖ FIIs sold ₹ 1143 crore while DIIs bought ₹ 1468 crore in the cash segment. FIIs bought index futures worth ₹ 402 crore while in index options they sold ₹ 2283 crore. In the stock futures segment, they sold ₹ 286 crore

Intraday Recommendations

i) Coal India		ii) Jubilant Foodworks	
Buy COALIN May Fut at ₹ 137.50-138.00		Sell JUBF00 May Fut at ₹ 2750.00-2754.00	
CMP: 137.7		CMP: 2750	
Target 1: 139.9	Target 2: 143.1	Target 1: 2716	Target 2: 2662
Stop Loss: 135.6		Stop Loss: 2788	

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.

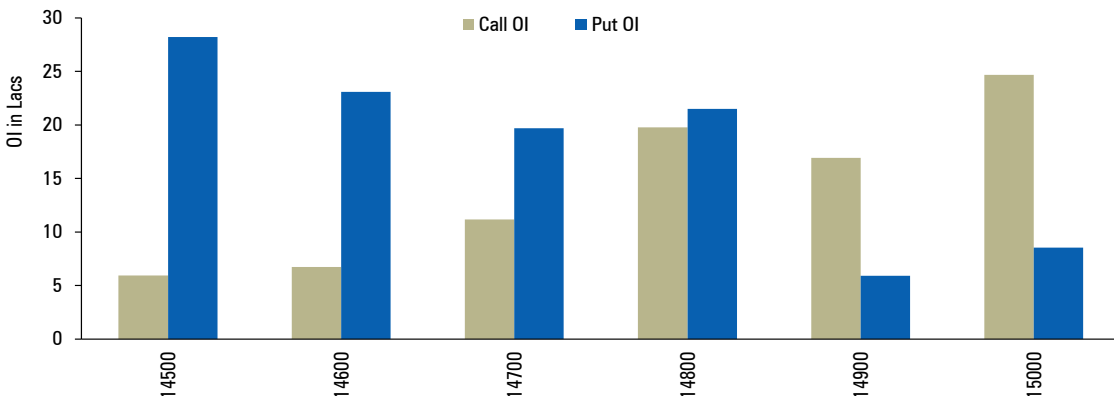
Highlights of the last session & Pivot Levels

	Spot	Fut	Basis	Future OI	PCR OI	PCR Vol	ATM IV
Current	14823	14870	47	12241500	1.55	1.05	20.82
Previous	14724	14770	46	12174600	1.50	1.10	22.03
Change (%)	0.67%	0.68%	-	0.55%	-	-	-5.81%

	S3	S2	S1	Piv	R1	R2	R3
Nifty future	14729	14755	14813	14860	14918	14965	14992
Bank Nifty future	32456	32583	32810	33089	33316	33595	33721

Nifty futures ended at a premium of 47 points while IV was down 5.81%

Weekly Nifty Options OI build-up



The major Put base is at 14500 strike with 28 lakh shares while the major Call base is at the 15000 strike with 24 lakh shares

Strategy follow up

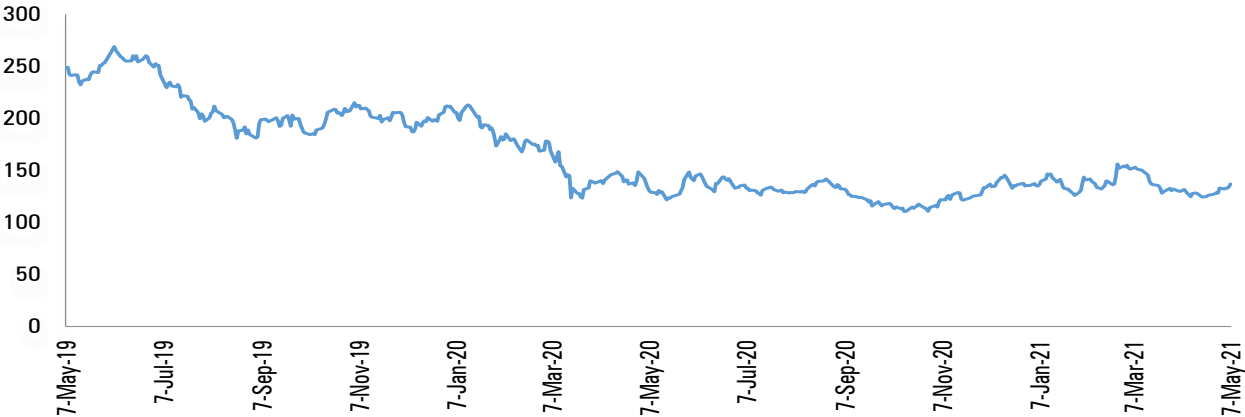
Date	Stock	View	Strategy	Reco	Target	SL	P&L	Comment
7-May-21	INDGAS	Buy	Long Fut	523.5	530.0	517.0	-	Not initiated
7-May-21	BANBAN	Sell	Short Fut	295.5	290.5	300.5	-	Not initiated

Source: NSE, Seediff, Bloomberg ICICI Direct Research

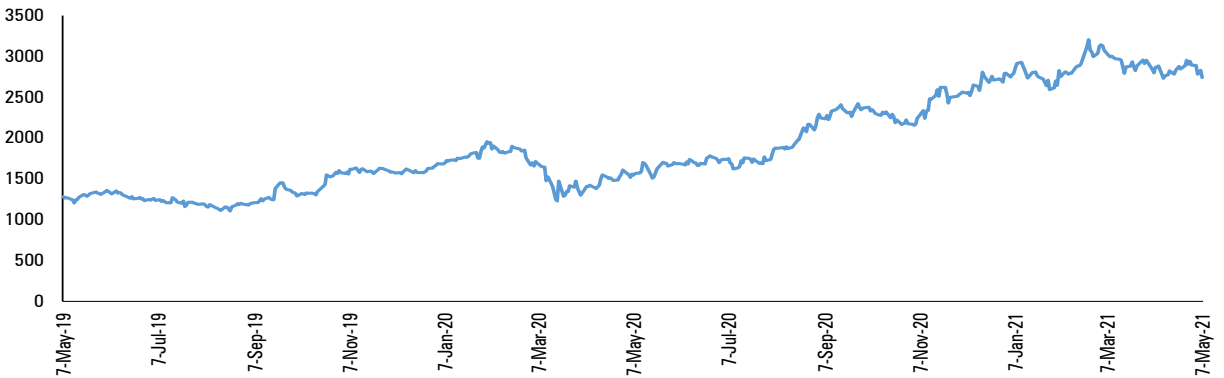
Note: Index/ Stocks calls may be changed, if view differs during market hours and positional recommendations given in Derivatives Strategy should not be linked to intraday index/stock calls.

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Coal India



Jubilant Foodworks



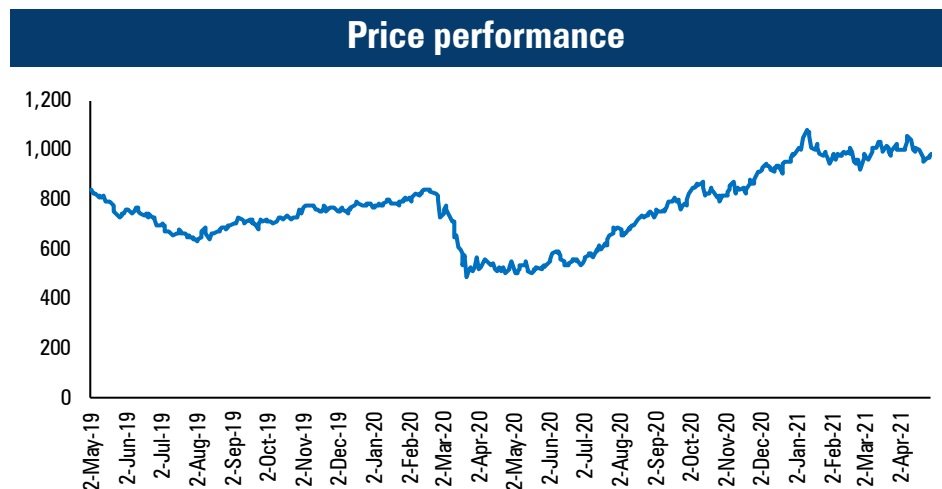
Source: NSE, Seediff, Bloomberg ICICI Direct Research
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Weekly future recommendation (Carried forward) :

Short Tech Mahindra (TECMAH) May future in range of ₹ 970-975; Target: ₹ 905; Stop Loss: ₹ 1015.5

Rationale

Most IT stocks witnessed profit booking post their quarterly numbers with sectoral rotation clearly visible where inflows shifted to BFSI. Tech Mahindra was no exception. It continued to witness profit booking from ₹ 1050 levels. The OI in the stock declined sharply from mid-April whereas for the May series OI remains relatively lower. We feel the current leg of long liquidation should continue in most IT stocks. The stock may slip with a strengthening rupee triggering some negative sentiments.

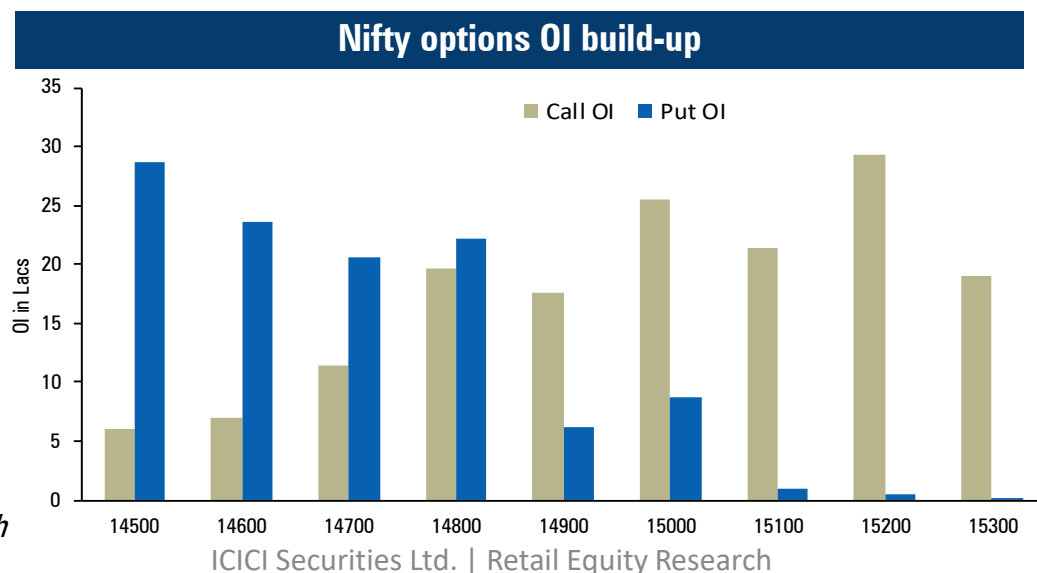


Recommendation follow up							
Underlying	View	Strategy	Reco	Target	Stoploss	Profit/Loss	Comment
SBILIFE	Bullish	Buy Futures	917.5	985.0	884.9	20000	Profit Booked

Source: Bloomberg, ICICI Direct Research

Nifty: Uptrend likely to continue towards 15200

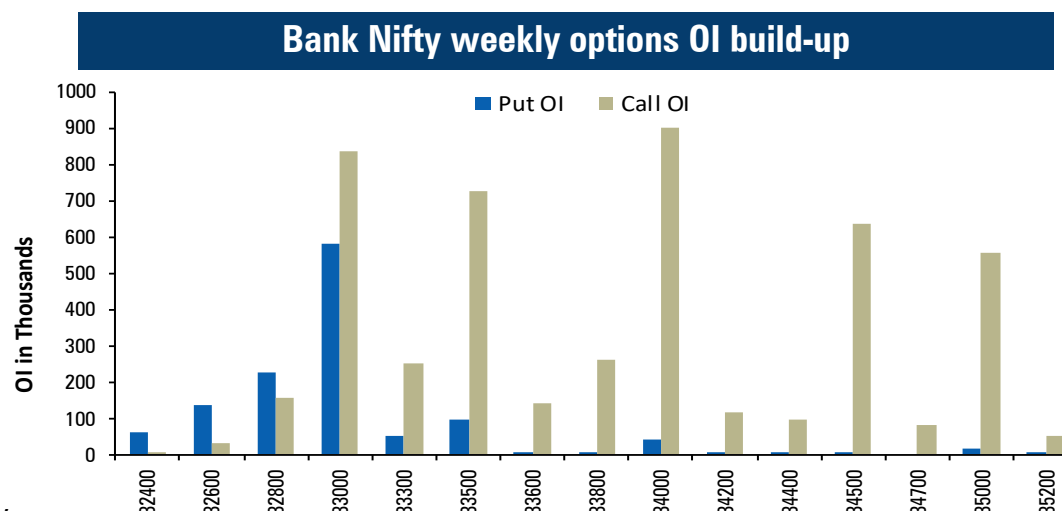
- Once again buying support came in for the Nifty and despite making lows below 14500 in the early part of the week, the Nifty rebounded strongly above 14800, gaining more than 1% in the week. Metals outshone rest of the sectors in terms of performance as metal index moved up almost 10% last week. At the same time, midcap, small cap indices also moved up nearly 1.5% each
- On the data front, the Nifty still has the highest Call base at 15000 Call strike for the coming weekly settlement. Since mid-March, the Nifty was unable to close above these levels. However, gradual writing at OTM Put of 14600 and 14800 strikes suggest limited downsides. Till these levels are held, there is high probability that the Nifty could move towards 15200 in the coming sessions
- Sectorally, apart from metals, rest of the sectors have remained largely range bound to positive. For the Nifty to move above 15000, banking index has to lead from front. We believe that after a round of consolidation it is well poised for a further up move. We expect banking space to resume its outperformance once it closes above 34000. However, technology space is likely to underperform
- Volatility in the markets moved lower towards 20, which is the lowest level for volatility since mid-April. Sustainability of current levels may infuse fresh uptrend in the broader markets in the coming sessions. As suggested earlier, one should be cautious if it starts moving higher once again



Source: Bloomberg, ICICI Direct Research
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Bank Nifty: Consolidation should continue with support shifted higher to 31500...

- Broader markets marked a meaningful recovery and ended near the higher band of the consolidation with sectoral rotation helping the index to inch higher. Private banks continued to do well post their quarterly numbers whereas PSU banks also witnessed covering and moved higher
- During the week, the Bank Nifty saw almost 12% fresh long build-up in future along with price appreciation. This is a positive development. We feel the current leg of consolidation with positive bias should continue
- IVs started declining from 24% levels along with additions seen in most OTM strike options. Similar activity was there last week post which the index remained in a range. We feel this week as well the index is likely to consolidate. To utilise this opportunity, we have recommended shorting Strangle for the week (31500 Put & 34000 Call)
- Among heavyweights, Axis Bank along with Kotak Mahindra Bank are likely to do well. Fresh up moves are expected above 34000. Until then, it's advisable to write OTM options to capitalise on declining time value and earn premiums from the consolidation in the Bank Nifty



Source: Bloomberg, ICICI Direct Research

- Risk assets continued to perform globally with both equities and commodities continuing to do well. Despite the results season, US markets have not seen any profit booking and remained at their life-time highs. Even commodities like copper did not exhibit any signs of profit booking as copper prices on the LME moved to decade high levels. Even emerging markets witnessed a fresh up move after a round of consolidation in the last couple of weeks
- FIIs remained net sellers in equities last week as well. Despite marginal buying seen during the last couple of sessions, they remained net sellers of more than ₹ 6258 crore. While broader market indices ended the week in the green with gains of more than 1%, major action was experienced in metal stocks, which closed the week near highs. Domestic institutions have used the current decline to accumulate and bought more than ₹ 3985 crore during the week
- In the F&O space, FII action was primarily seen in the stock futures and index options segment. While they were net sellers in the index futures segment worth ₹ 5408 crore, they bought stock futures to the tune of ₹ 2386 crore during the week. At the same time, FIIs bought index options worth ₹ 8636 crore
- Nymex crude has remained largely above \$64 levels last week. Demand concerns from India and Brazil have triggered some sell-off in the commodity. However, despite all these negative news if Nymex is able to hold \$64 levels, we can expect it to move towards \$70 in the coming weeks

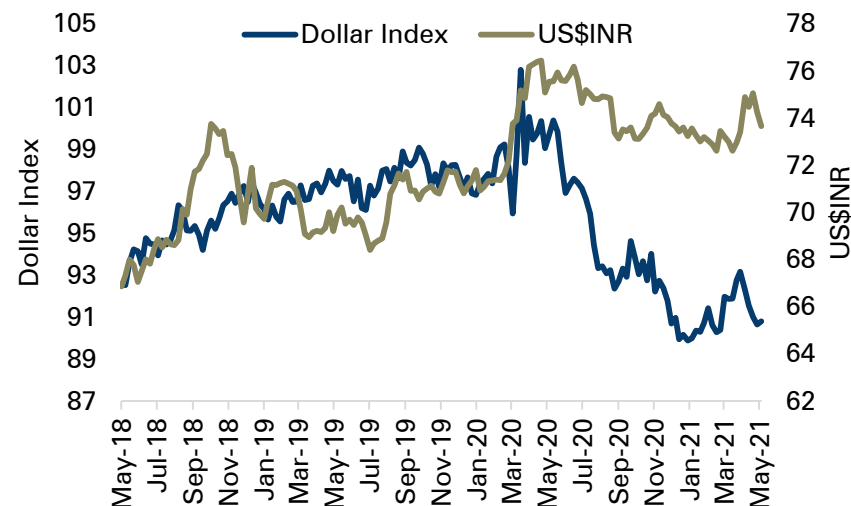
FII/DII buying in equities (in ₹ crore)					
Date	FII				DII
	Index Fut	Stock Fut	Index Opt	Cash	Cash
30-Apr	-2963	661	4861	-3151	1696
3-May	-1916	-193	2799	-1670	1023
4-May	-288	1178	1870	-1740	1463
5-May	10	722	-2386	-920	436
6-May	-251	19	1492	1223	-632

Source: Bloomberg, ICICI Direct Research

Current leg of appreciation in rupee should continue...

- The rupee continued to appreciate for the second week in a row and closed below its sizeable Put base of 74
- The dollar index remained choppy while it is trading below 91 levels as there was weaker-than-expected economic data and Federal Reserve stand on ultra-low interest rate remained intact
- The current leg of rupee appreciation can be attributed to liquidation as the open interest has declined for the week and managed to close below its sizeable Put base of 74 along with weaker Dollar index. We feel these should push the US\$INR pair towards 73.25 levels
- EURINR futures rallied strongly last month supported by weakness in dollar index as the Euro posted its biggest monthly gain since July last year and Eurozone factory activity growth reached a record high

Dollar Index vs. US\$INR



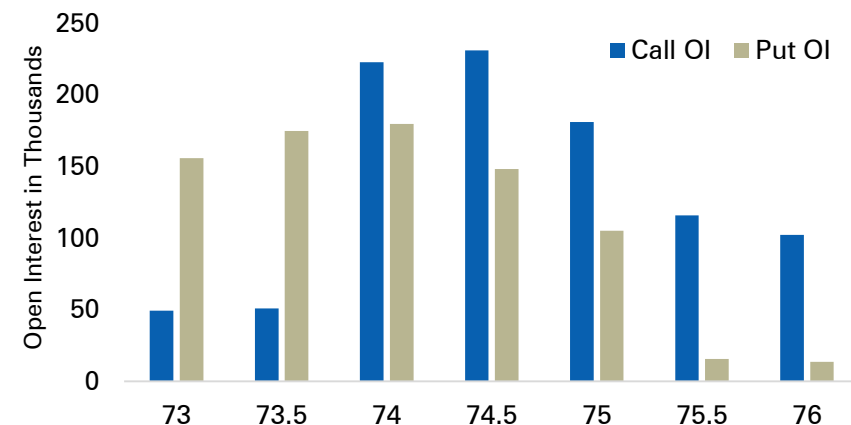
Weekly Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (May)	72.96	73.31	74.00	74.35	75.04
US\$INR (Jun)	73.31	73.66	74.35	74.70	75.39
EURINR (May)	88.43	88.73	89.29	89.59	90.15
EURINR (Jun)	88.90	89.18	89.74	90.02	90.58
GBPINR (May)	102.03	102.31	102.83	103.11	103.63
GBPINR (Jun)	102.41	102.71	103.27	103.57	104.13
JPYINR (May)	67.09	67.31	67.74	67.96	68.38
JPYINR (Jun)	67.44	67.64	68.06	68.26	68.67

Source: Bloomberg, Reuters, ICICI Direct Research

May 10, 2021

US\$INR Options Build-up



Date & Time (IST)	Country	Data & Events
Tuesday, May 11, 2021		
5:30 PM	US	EIA Short-Term Energy Outlook
7:30 PM	US	JOLTs Job Openings (Mar)
Wednesday, May 12, 2021		
11:30 AM	UK	GDP (QoQ) (Q1)
11:30 AM	UK	GDP (YoY) (Q1)
11:30 AM	UK	Manufacturing Production (MoM) (Mar)
6:00 PM	US	Core CPI (MoM) (Apr)
Thursday, May 13, 2021		
6:00 PM	US	PPI (MoM) (Apr)
Friday, May 14, 2021		
6:00 PM	US	Core Retail Sales (MoM) (Apr)
6:00 PM	US	Retail Sales (MoM) (Apr)

Source: Bloomberg, ICICI Direct Research

Date	Scrip	Action	Recommendation
6-May-21	Voltas	Buy	Long/Short Strategy : Buy Voltas May Future at 976-981 & sell 1040 Call at 15-17, Target: 1057, Stop loss: 918, Time frame: Till May expiry
7-May-21	Bank Nifty	Sell	Long/Short Strategy : Sell Bank Nifty 12 May 31500 Put at 115-135 & sell 34000 Call at 110-130, Premium inflow: 225-265, Target: 5, Stop-loss: 495, Time-frame: till 12 May ex

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Source: Bloomberg, ICICI Direct Research

Quant Picks: Open recommendations...

Date	Scrip	Action	Buy Price	Target	SL	CMP	%Ret	Time Frame
26-Feb-21	NTPC	Buy	105.5-107.5	122	98.5	105	-1.9%	1 months
31-Mar-21	UPL	Buy	625-635	735	570	629	-0.9%	3 months
6-Apr-21	Torrent Pharma	Buy	2500-2550	2950	2300	2620	2.7%	3 months
6-Apr-21	Godrej Consumer Products	Buy	715-730	855	655	705	-3.4%	3 months
7-Apr-21	SBI	Buy	353-359	410	324	356	0.3%	3 months
28-Apr-21	Tata Chemical	Buy	755-770	890	685	681	-10.6%	3 months
30-Apr-21	BPCL	Buy	413-423	475	383	442	5.7%	3 months
5-May-21	Aurobindo Pharma	Buy	970-987	1160	890	1015	2.8%	3 months
6-May-21	Axis Bank	Buy	700-717	840	635	715	0.0%	3 months

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Source: NSE, Seediff, ICICI Direct Research

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SYMBOL	COMPANY NAME	PURPOSE	MEETING DATE
BANDHANBNK	Bandhan Bank Limited	Financial Results/Dividend	08-May-21
IDFCFIRSTB	IDFC First Bank Limited	Financial Results	08-May-21
GODREJCP	Godrej Consumer Products Limited	Financial Results	11-May-21
GRANULES	Granules India Limited	Financial Results/Dividend	11-May-21
SIEMENS	Siemens Limited	Financial Results	11-May-21
ASIANPAINT	Asian Paints Limited	Financial Results/Dividend	12-May-21
JINDALSTEL	Jindal Steel & Power Limited	Financial Results	12-May-21
LUPIN	Lupin Limited	Financial Results/Dividend/Other business matters	12-May-21
APOLLOTYRE	Apollo Tyres Limited	Financial Results/Dividend/Fund Raising	12-May-21
PIDILITIND	Pidilite Industries Limited	Financial Results	12-May-21
TATAPOWER	Tata Power Company Limited	Financial Results/Dividend/Other business matters	12-May-21
UPL	UPL Limited	Financial Results/Dividend	12-May-21
VOLTAS	Voltas Limited	Financial Results/Dividend	12-May-21
MPHASIS	Mphasis Limited	Financial Results/Dividend	13-May-21
PEL	Piramal Enterprises Limited	Financial Results/Dividend	13-May-21
VEDL	Vedanta Limited	Financial Results	13-May-21
CIPLA	Cipla Limited	Financial Results/Dividend	14-May-21
DRREDDY	Dr. Reddy's Laboratories Limited	Financial Results/Dividend	14-May-21
ESCORTS	Escorts Limited	Financial Results/Dividend/Other business matters	14-May-21
LT	Larsen & Toubro Limited	Financial Results/Dividend	14-May-21
BALKRISIND	Balkrishna Industries Limited	Financial Results/Dividend	14-May-21

Source: Bloomberg, ICICI Direct Research

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Source: Bloomberg, ICICI Direct Research

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