

May 24, 2021

Other Product offerings

Derivatives Strategy

Underlying	Action
Nifty	Buy

Duration : 1-2 months

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Quant (Derivatives) Pick

Underlying	Action
HDFC	Buy
ACC	Buy
Axis Bank	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 KOTMAH May Fut at ₹ 1766.00-1768.00	Kotak Mahindra Bank	1789.5	1823.3	1744.5	Intraday
Sell BIOCON May Fut at ₹ 382.50.00-383.00	Biocon	378.8	373.0	386.7	Intraday
Buy NIFFIN May Fut at ₹ 16200.00-16250.00	FINNIFTY	16350.0	16450.0	16100.0	Intraday
Buy PIRENT APR Fut at ₹ 1720.00-1730.00	Piramal Enterprise	1850.0		1645.0	Weekly
Buy CIPLA APR Fut at ₹ 922.00-927.00	Cipla	1005.0		880.0	1-2 Weeks

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Intraday Outlook: Buy Bank Nifty in the range of 34400-34500

Index Outlook

Nifty Future

- ❖ The Nifty is expected to trade between 14900 and 15400 amid high volatility. Sell Nifty 14950 Put (May 27 expiry) in the range of ₹ 42-44 Target: ₹ 27-17 Stop loss : ₹ 58

Bank Nifty Future

- ❖ The Bank Nifty opened higher and gained strength as the day progressed closing with a gain of more than 3.80%. The banking index witnessed the highest closing in the past two month. As per options data, 33000 and 33500 Put option has sizeable OI addition where dips should be used to create long position. Buy Bank Nifty in the range of 34400-34500 Target: 34800-34900 Stop loss: 34150

F&O Highlights

- ❖ The Nifty, after retracing, continued its upward move as it closed with gain of more than 1.80%. All sectoral indices closed in the green while banking and financial services were top gainers. Looking at the option data, 15000 and 15100 Put option holds significant OI, which should be used provide support

Stock Analysis

Long build-up/short covering: Kotak Mahindra Bank, Bank of Baroda, HDFC Bank, Bata Industries, Bharti Airtel and L&T

Short build-up/profit booking: Marico, Biocon, Aarti Industries, Grasim Industries, Eicher Motors and Gail

FII & DII Action

- ❖ FIIs bought ₹ 510 crore while DIIs bought ₹ 649 crore in the cash segment. FIIs bought index futures worth ₹ 1481 crore while in index options they sold ₹ 967 crore. In the stock futures segment, they sold ₹ 1005 crore

Intraday Recommendations

i) Kotak Mahindra Bank	ii) Biocon
Buy KOTMAH May Fut at ₹ 1766.00-1768.00	Sell BIOCON May Fut at ₹ 382.50.00-383.00
CMP: 1765.20	CMP: 383.65
Target 1: 1789.5 Target 2: 1823.3	Target 1: 378.8 Target 2: 373
Stop Loss: 1744.5	Stop Loss: 386.7

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.

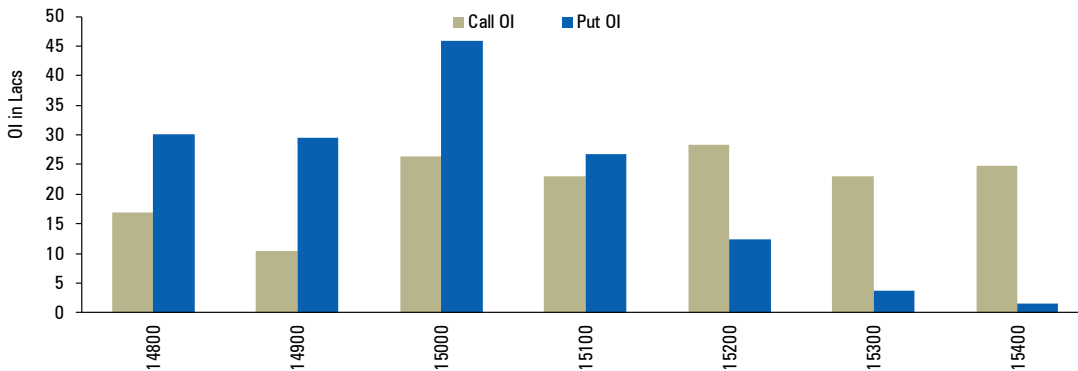
Highlights of the last session & Pivot Levels

	Spot	Fut	Basis	Future OI	PCR OI	PCR Vol	ATM IV
Current	15175	15206	31	12085775	1.24	0.82	19.08
Previous	14906	14933	27	12245675	1.17	1.01	19.65
Change (%)	1.81%	1.83%	-	-1.31%	-	-	-2.99%

	S3	S2	S1	Piv	R1	R2	R3
Nifty future	14850	14908	15057	15141	15290	15374	15432
Bank Nifty future	32821	33138	33950	34403	35215	35668	35984

Nifty futures ended at a premium of 31 points while IV was down by 2.99%

Weekly Nifty Options OI build-up



The major Put base is at 15000 strike with 45 lakh shares while the major Call base is at the 15200 strike with 28 lakh shares

Strategy follow up

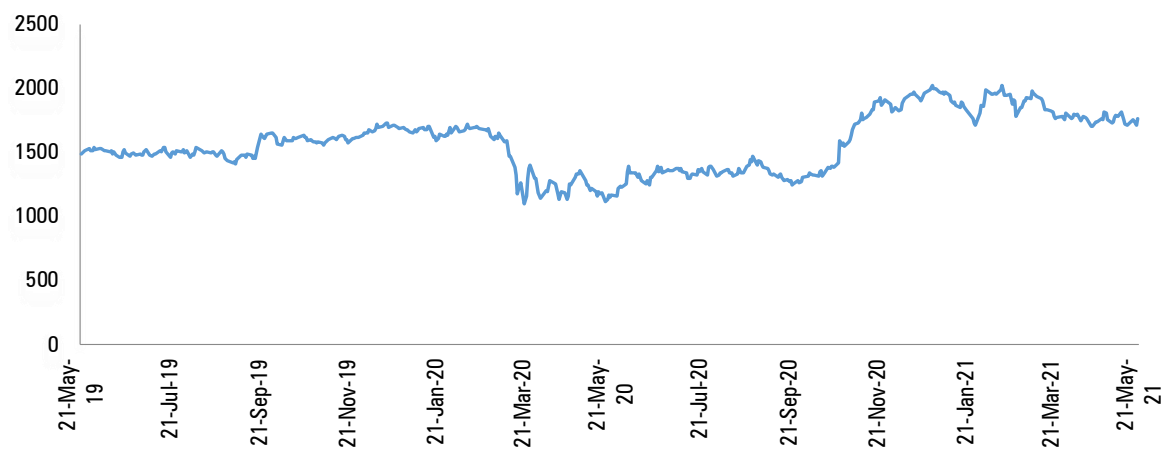
Date	Stock	View	Strategy	Reco	Target	SL	P&L	Comment
21-May-21	AURPHA	Buy	Long Fut	1029.0	1042.8	1015.2	-	Not initiated
21-May-21	INDGAS	Sell	Short Fut	501.5	495.0	508.0	-	Not initiated

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.

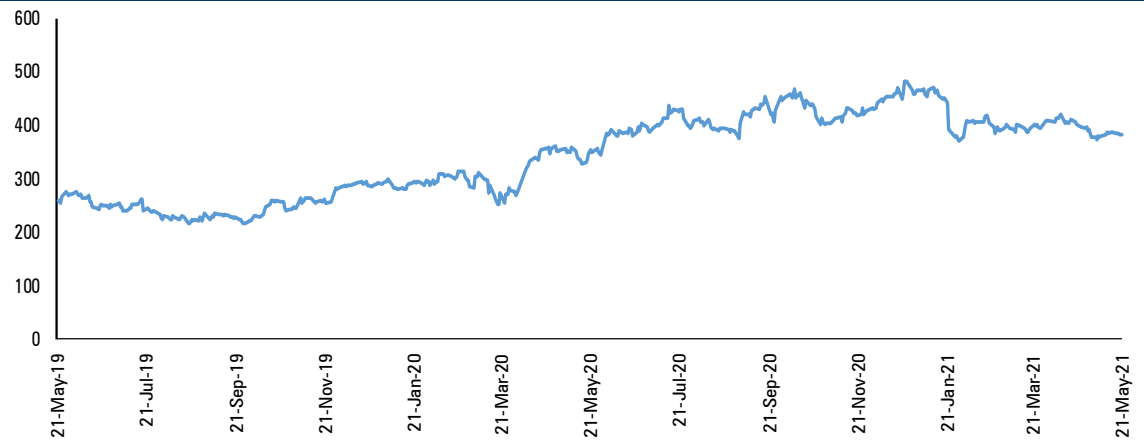
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Source: NSE, Seediff, Bloomberg ICICI Direct Research

Kotak Mahindra Bank



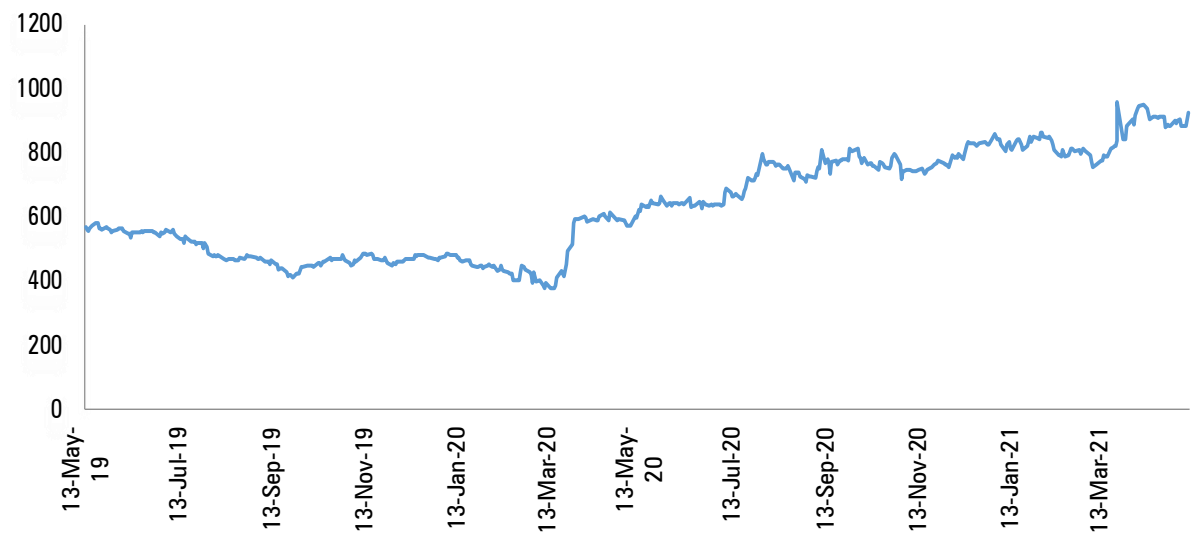
Biocon



Source: NSE, Seediff, Bloomberg ICICI Direct Research
May 24, 2021

Date	Stock	View	Initiation Range	Target	Stoploss	Time Frame
20-May-21	Cipla	Buy	₹ 922.00-927.00	₹ 1005	₹ 880	1-2 Weeks

Cipla



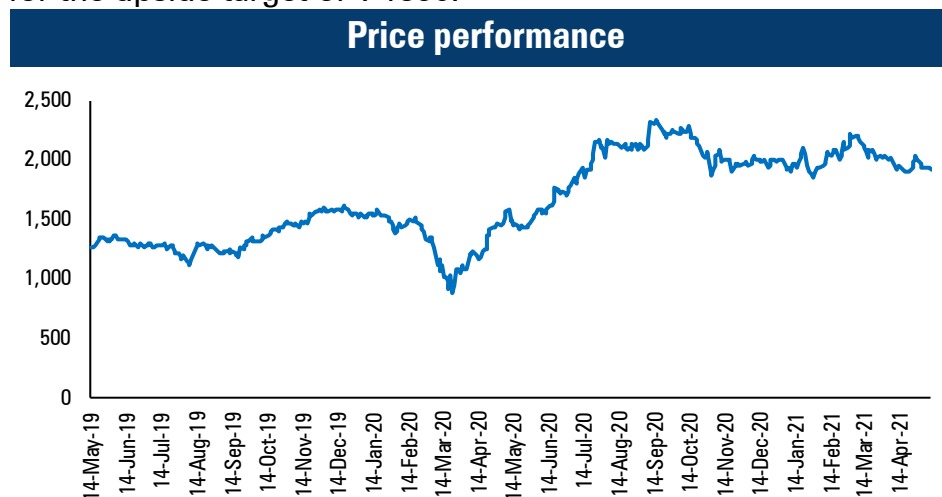
Source: NSE, Seediff, Bloomberg *ICICI Direct Research*
 May 24, 2021

Weekly future recommendation :

Long Piramal Enterprises (PIRENT) May future in range of ₹ 1720-1730; Target: ₹ 1850; Stop Loss: ₹ 1645

Rationale

Financials stocks remained in focus last week as most stocks like Cholamandalam and Shriram Transport moved 5-7%. Piramal Enterprises is one stock that consolidated for a major time below ₹ 1700 levels and finally managed to close above this level on a weekly basis. After four weeks, its managed to surpass its sizeable Call base, which is a positive sign. We feel the stock is likely to see a catch up rally in the expiry week while another 8-10% upsides cannot be ruled out. Hence, we remain positive on the stock for the upside target of ₹ 1850.

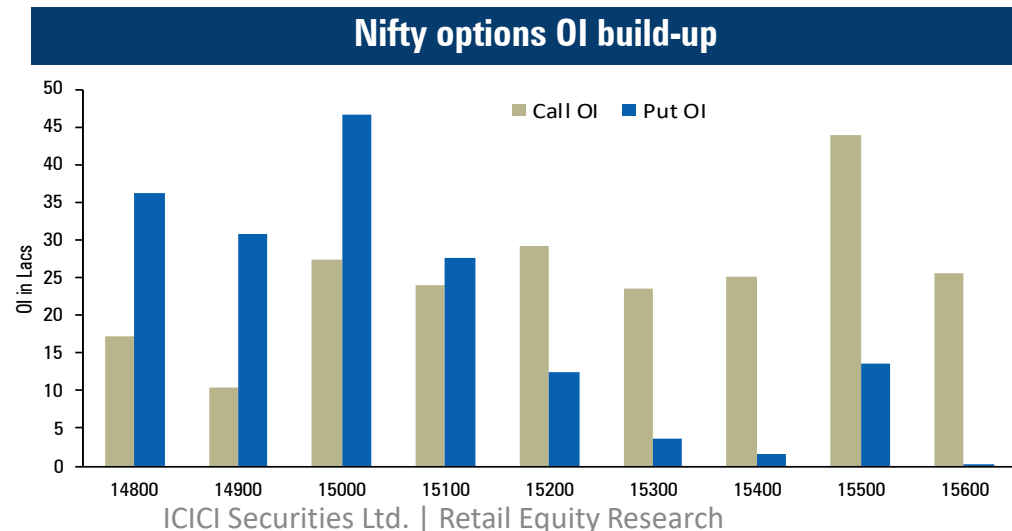


Recommendation follow up							
Underlying	View	Strategy	Reco	Target	Stoploss	Profit/Loss	Comment
Reliance Industries	Bullish	Buy Futures	1925.0	2020.0	1870.0	-	Not Initiated

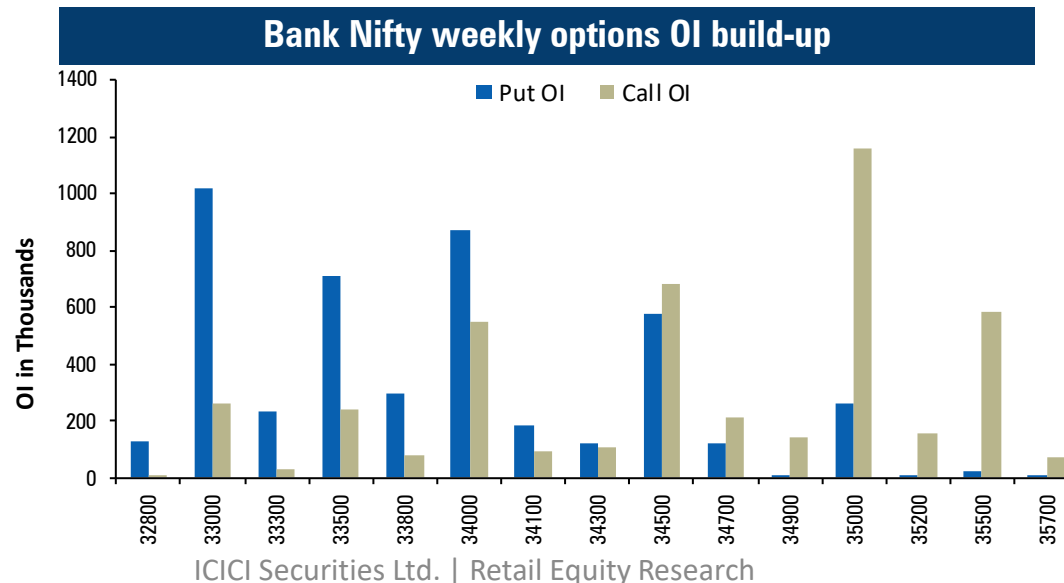
Source: Bloomberg, ICICI Direct Research

Nifty: Momentum likely to continue towards 15500

- The Nifty finally moved beyond 15000 and closed at its highest levels since mid-February. Fresh buying is seen in the banking and financial heavyweights that helped the index to move beyond its highest Call base of 15000 strike. Even midcap and small cap stocks have continued their up move and gained close to 4% each last week indicating a broad market up move. Going ahead, we expect the ongoing momentum to continue while 15400 may be achievable during settlement
- Going ahead, sustainability of 15000 will be crucial as it was the highest Call base for the monthly settlement. From the options space, significant Put writing was experienced across strikes and 15000 Put now holds the highest Put base for the week. Hence, continued up move due to closure among Call writers is likely to be seen in the coming sessions. The immediate resistance is likely near lifetime highs of 15400 levels
- Sectorally, banking has turned the tide once again and ended the week with more than 7% returns. We expect participation from infra and FMCG stocks as well in the coming sessions
- The volatility index has moved to its lowest levels seen during the calendar year suggesting continued positive bias in the markets. In case of any extended profit booking, VWAP levels of May series near 14820 are likely to be held



- After moving above its sizeable Call base of 33500, in the last weekly expiry, the Bank Nifty was below this level. However, it managed to gauge momentum on the last day of the week again and moved above its highest Call base of 34000. As the index moved higher shifting of positions was observed from 34000 strike to 35000 strike, which is a positive sign
- During the week, Axis Bank remained in focus due to SUUTI news. Supportive action was seen from PSU banks as well with SBI taking the lead. Due to decline in IVs, Put writing activity continued, which should provide cushion to the index
- On the options front, the Bank Nifty has the highest Call base at 34000 but the index is trading well above this level. At the same time, huge Put OI blocks were observed in 34000 and 33500 strikes. From a support prospective, we feel the Bank Nifty should hold 33500 this time in the expiry week
- Stock specific actions are expected due to rollover activity. However, we remain positive on most private banks. However, we expect non index heavyweights to continue their outperformance over heavyweights. Moreover, PSU banks are likely to continue their up trend



Source: Bloomberg, ICICI Direct Research

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- Risk assets remained volatile last week as well while the commodity space experienced some cool-off. Restrictions placed by Chinese authorities have acted as a deterrent in the ongoing sharp move seen in the commodity space. However, major volatility was seen in the crypto currency universe, which has seen declines up to 30% in a single session. However, equities have remained relatively resilient and recovered from the lows. Indian equities have relatively outperformed and closed the week at the highest levels seen since February
- FIIs' participation remained muted last week. They have turned buyers in the last couple of sessions after remaining net sellers for the most part of the month. They sold more than ₹ 2397 crore. Major action again was experienced in the midcap and small cap space and some profit booking was seen in metal stocks. Domestic institutions have bought more than ₹ 1280 crore during the week
- In the F&O space, FII action was primarily seen in the stock futures segment. While they were net buyers in the index futures segment worth ₹ 3768 crore, they sold stock futures to the tune of ₹ 4123 crore during the week. At the same time, FIIs bought index options worth ₹ 11689 crore
- Nymex crude failed to sustain the highs and witnessed sharp selling pressure along with the rest of the commodity space. Nymex crude has moved below its major support of \$64. We remain negative on crude and any upsides should be utilised as shorting opportunity till it does not move beyond \$64 once again

FII/DII buying in equities (in ₹ crore)					
Date	FII				DII
	Index Fut	Stock Fut	Index Opt	Cash	Cash
14-May	625	-902	4644	-2482	613
17-May	886	1058	-4496	-2223	1949
18-May	3076	-957	5961	855	450
19-May	142	-1426	-299	1381	-853
20-May	-961	-1897	5879	71	-876

Source: Bloomberg, ICICI Direct Research

Rupee: Appreciation to continue towards 72.50 level..

- The rupee appreciated sharply further in the last week as a fall in the dollar index along with stronger domestic equities kept pressure on the pair
- The dollar index hovered around recent lows and was set to notch a modest weekly drop as trader's concerns about taper talk in Federal Reserve minutes faded, though a pullback in commodity prices and nervousness about virus outbreaks kept losses in check
- The dollar has given back a bounce it made after a mention of possible future discussions on paring back stimulus, in minutes from the Fed's April meeting, prompted fears of early rate rises
- Overall, we expect the appreciation in the rupee to continue towards 72.50 level as dollar weakening along with positive domestic equities are likely to put further pressure on the pair

Weekly Pivot Levels

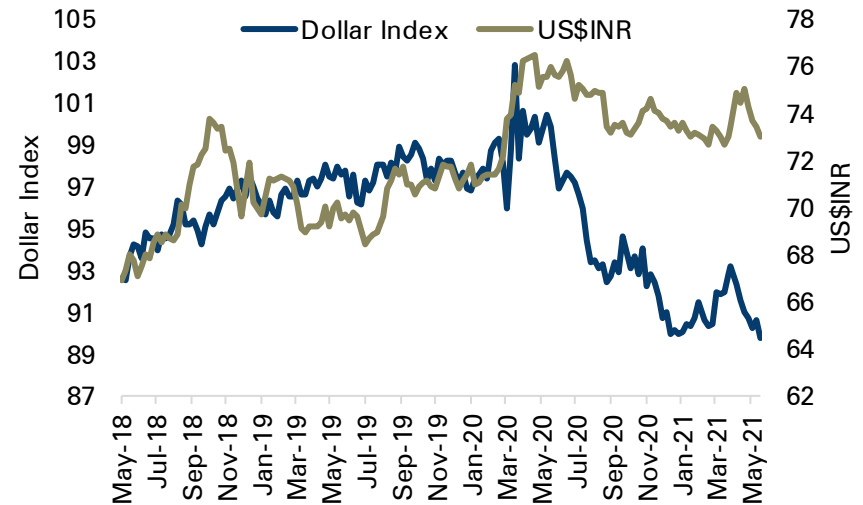
Futures	S2	S1	Pivot	R1	R2
US\$INR (May)	72.71	72.87	73.16	73.32	73.62
US\$INR (Jun)	73.08	73.23	73.54	73.69	74.00
EURINR (May)	88.59	88.94	89.26	89.61	89.93
EURINR (Jun)	88.87	89.29	89.67	90.10	90.48
GBPINR (May)	102.88	103.31	103.70	104.14	104.53
GBPINR (Jun)	103.22	103.72	104.29	104.79	105.36
JPYINR (May)	66.89	67.05	67.20	67.37	67.52
JPYINR (Jun)	67.27	67.42	67.55	67.71	67.84

Source: Bloomberg, Reuters, ICICI Direct Research

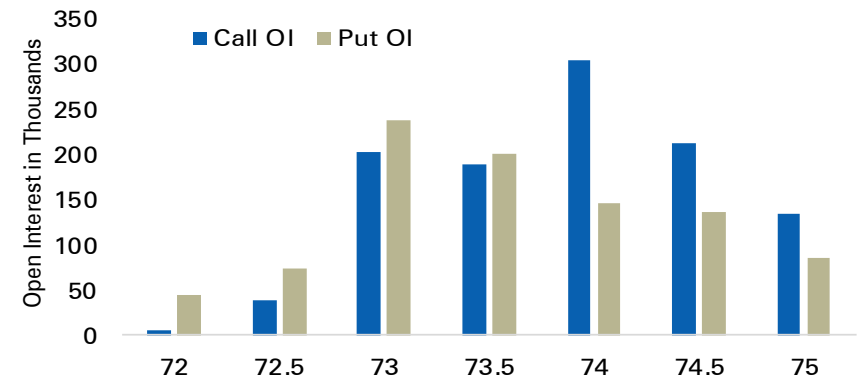
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Dollar Index vs. US\$INR



US\$INR Options Build-up



Date & Time (IST)	Country	Data & Events
Tuesday, May 25, 2021		
7:30 PM	US	CB Consumer Confidence (May)
7:30 PM	US	New Home Sales (Apr)
Wednesday, May 26, 2021		
8:00 PM	US	Crude Oil Inventories
Thursday, May 27, 2021		
6:00 PM	US	Core Durable Goods Orders (MoM) (Apr)
6:00 PM	US	GDP (QoQ) (Q1)
7:30 PM	US	Pending Home Sales (MoM) (Apr)

Source: Bloomberg, ICICI Direct Research

Date	Scrp	Action	Recommendation
17-May-21	UPL	Sell	Positional Option: Sell UPL May 700 Put at 6.3- 6.8, target: 0.10 , stoploss: 11.1. Time Frame: till May expiry
17-May-21	Biocon	Sell	Positional Option: Sell BIOCON May 420 Call at 3.4- 3.9, target: 0.10 , stoploss: 7.1. Time Frame: till May expiry
21-May-21	Nifty	Buy	Long/Short Strategy : Buy Nifty April Future at 15100-15120, Buy 22 April 15100 Put at 105-110 and Sell 15350 Call at 35-40 , Target: 15395, Time frame: Till May expiry

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Source: Bloomberg, ICICI Direct Research

Date	Scrip	Action	Buy Price	Target	SL	CMP	%Ret	Time Frame
06-May-21	Axis Bank	Buy	700-717	840	635	731	2.2%	3 months
10-May-21	HDFC	Buy	2525-2565	2950	2348	2518	-0.9%	3 months
17-May-21	ACC	Buy	1860-1890	2190	1690	1965	4.0%	3 months
18-May-21	BEL	Buy	151-154	180	137.5	158	2.3%	3 months
21-May-21	L&T	Buy	1400-1422	1610	1310	1418	-0.1%	3 months

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SYMBOL	COMPANY NAME	PURPOSE	MEETING DATE
AMARAJABAT	Amara Raja Batteries Limited	Financial Results/Dividend	22-May-21
RAMCOCEM	The Ramco Cements Limited	Financial Results	24-May-21
MGL	Mahanagar Gas Limited	Financial Results/Dividend	24-May-21
GRASIM	Grasim Industries Limited	Financial Results/Dividend	24-May-21
PFIZER	Pfizer Limited	Financial Results/Dividend	26-May-21
BERGEPAIN	Berger Paints (I) Limited	Financial Results/Dividend	26-May-21
BPCL	Bharat Petroleum Corporation Limited	Financial Results/Dividend	26-May-21
CUMMINSIND	Cummins India Limited	Financial Results/Dividend	26-May-21
SUNPHARMA	Sun Pharmaceutical Industries Limited	Financial Results/Dividend	27-May-21
EICHERMOT	Eicher Motors Limited	Financial Results/Dividend	27-May-21
CADILAH	Cadila Healthcare Limited	Financial Results/Dividend	27-May-21
RECLTD	REC Limited	Financial Results	28-May-21
IPCALAB	IPCA Laboratories Limited	Financial Results	28-May-21
GLENMARK	Glenmark Pharmaceuticals Limited	Financial Results/Dividend	28-May-21

Source: Bloomberg, ICICI Direct Research

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Source: Bloomberg, ICICI Direct Research

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