

Derivatives Strategy – Positional Option

Buy Hindalco July 385 Call for target of ₹ 25

Few open Calls...

Derivatives Strategy

Underlying	Action
Tata Motors	Buy
Hindalco	Buy

Duration : 1-2 months

Recommendation in the report

Underlying	Action	Initiation Range	Target	Stop-loss	Time Frame
Hindalco July 385 Call	Buy	11-13	25	4.5	till July expiry



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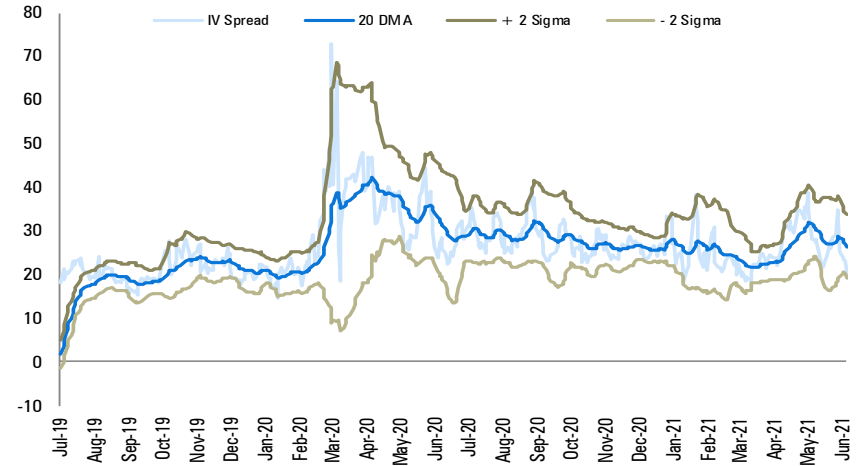
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Positional Option: Buy Hindalco July 385 Call at ₹ 11-13, Target: ₹ 25, Stop loss: ₹ 4.5, Time frame: Till July expiry

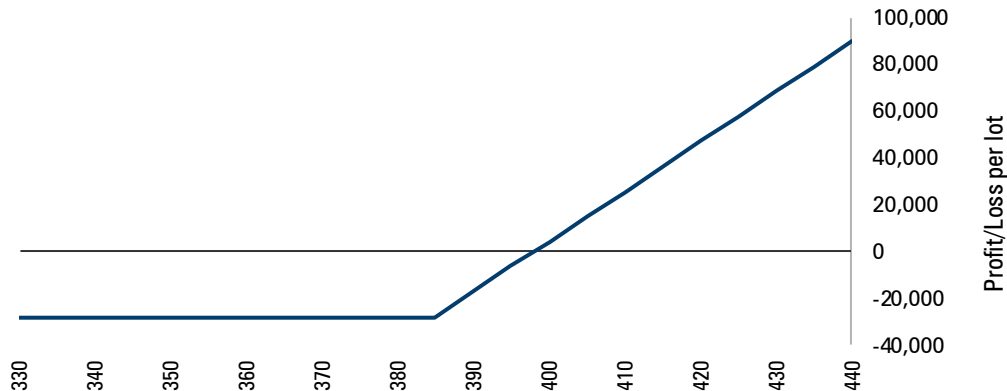
Snapshot

- Metal stocks largely remained in a range for the June series. Few of them witnessed selling from higher levels and approached their Put bases
- Despite this, rollovers continued to remain high in metals along with a rise in rollover cost, which is a positive sign. Hindalco, in particular, witnessed decent writing in 350 and 360 strike Puts for the July series, which remains the support area
- Rise in base metal prices in global markets should trigger some positivity in the stock. Highest Call base for the stock is placed at ₹ 400 above which more upsides are expected
- We remain positive on Hindalco and feel the stock is well placed to move towards ₹ 430 levels for the July series. Hence, ATM Call of 385 strike can be bought at current levels

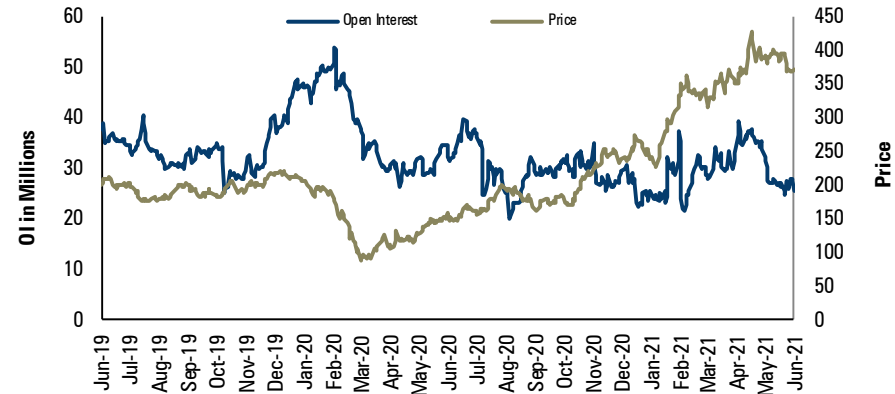
Stock – Nifty IV Spread



Option Pay-off



Price & OI chart



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Source: Bloomberg, ICICI Direct Research

Date	Scrip	Action	Recommendation
23-Jun-21	Tata Motors	Buy	Long/Short Strategy : Buy Tata Motors July future at 336-341 & sell 370 Call at 8-10, Target: 380, Stop-loss: 317.8, Time-frame: till July expiry.
25-Jun-21	Hindalco	Buy	Positional Option : Buy Hindalco July 385 Call at 11-13, Target: 25, Stop-loss: 4.5, Time-frame: till July expiry.

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Source: Bloomberg, ICICI Direct Research

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