

June 25, 2021

# Derivatives Weekly View

Positive bias should take Nifty towards 16100...

## 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
Cipla	Buy
Page Industries	Buy

Duration : 1-3 months

Click here to see [open calls](#)

## Research Analysts

**Raj Deepak Singh**

rajdeepak.singh@icicisecurities.com

**Nandish Patel**

nandish.patel@icicisecurities.com

**Dipesh Dedhia**

dipesh.dedhia@icicisecurities.com

**Mohit Agarwal**

mohit.agarwal@icicisecurities.com

**Siddhesh Jain**

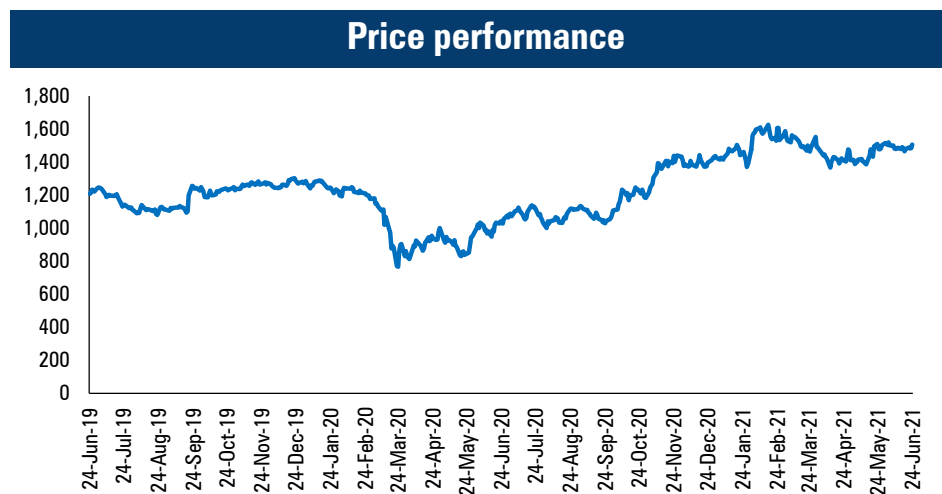
siddhesh.jain@icicisecurities.com

## Weekly future recommendation :

Long HDFC Bank (HDFBAN) June future in range of ₹ 1505-1515; Target: ₹ 1600; Stop Loss: ₹ 1459

### Rationale

The private banking space has remained largely range bound in the last couple of weeks but a sharp recovery was seen in leaders like HDFC Bank, which reversed sharply from their support level of ₹ 1460. The open interest in the stock has declined from last week's low and has crossed its major Call base of ₹ 1500, which indicates short covering. We feel leaders from the bank index will provide support to the ongoing positive consolidation in the index.

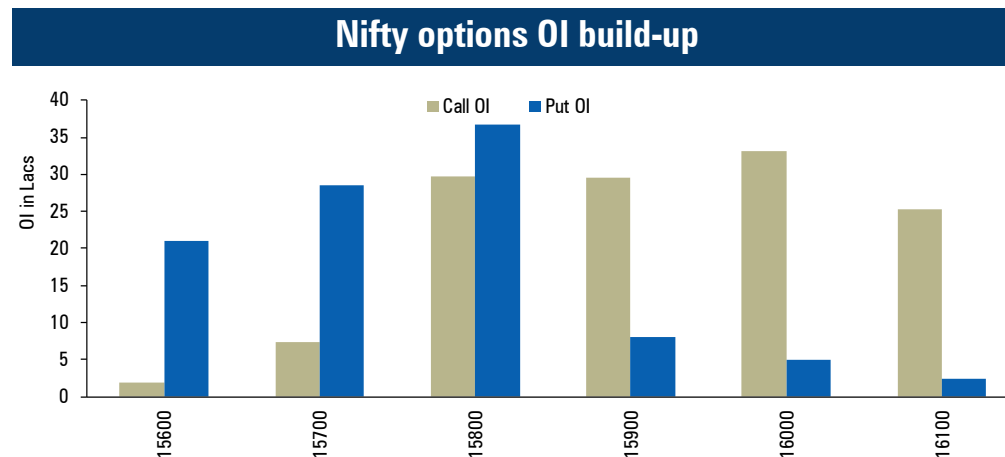


Recommendation follow up							
Underlying	View	Strategy	Reco	Target	Stoploss	Profit/Loss	Comment
Mahindra & Mahindra	Bearish	Sell Futures	797	725	837		Not Initiated

Source: Bloomberg, ICICI Direct Research

# Nifty: Positive bias should take Nifty towards 16100...

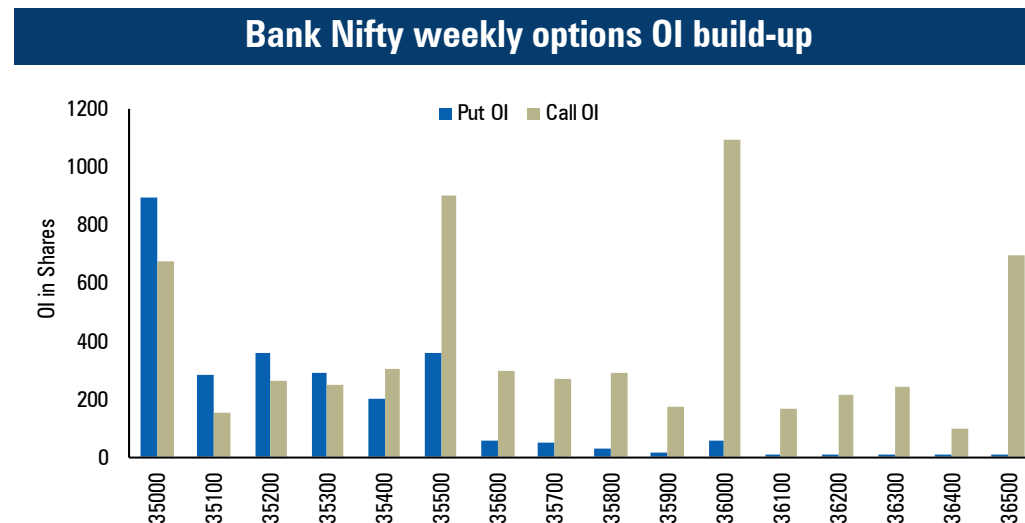
- For a major part of the June series, the Nifty remained in a range and finally ended the June expiry marginally below its highest Call base of 15800. Late buying in banking and IT keep the momentum intact whereas Reliance Industries reverted sharply from its Call base, which kept the index move in check
- Nifty rollover for the July series was at 84.61%. Roll spread in the Nifty declined towards settlement amid closure of open interest. FII's continued to remain positive and were net buyers in the June series suggesting the positive bias would remain intact
- On the sectoral front, marginally high rollovers was observed in metals and select auto stocks. We feel stocks from the auto and metal space are likely to do well in coming days
- Despite all the volatility, IVs continued to remain choppy and no major hedging positions were formed, which is pointing towards more upsides in coming days. For the July series, highest Call base is placed at 16000 followed by 16200. However, in case of any profit booking, June series major support of 15600 should provide cushion



Source: Bloomberg, ICICI Direct Research  
June 25, 2021

# Bank Nifty: Outperformance in banking stocks should push index towards 36500...

- The Bank Nifty rallied almost 1500 points in the expiry week and commenced the new series on an optimistic note. Like last month, most private banks started the new series near their Call bases but most of them managed to move higher on Friday
- We feel short covering should trigger in private banks, which should push the Bank Nifty towards 36500. For a major part of the June series, Bank Nifty remained laggard and from expiry to expiry bases, apart from HDFC bank, most of them ended negative
- We feel the July series should be the month for banking and outperformance could be possible from the banking space, which should push the Nifty towards 16200
- No sizeable OI additions were seen on the Call side. However, Put writing block of almost 15 lakh shares was visible in 35000 strike for the coming weekly expiry. This level should act as a major support for the coming weekly expiry



Source: Bloomberg, ICICI Direct Research

- The risk-on rally seemed to re-emerge in equities and while US yields remained elevated, S&P 500 moved to its life-time highs once again. While developed markets saw a sharp recovery, emerging markets witnessed some recovery from their recent lows
- FIIs reduced their buying in expiry week and turned net buyer last week as they bought ~₹ 790 crore in equities last week. FIIs have already bought over ~₹ 16000 crore in June till now. On the other hand, domestic institutions stayed net buyer and bought ~₹ 3342 crore in equities during the week. In the meantime, positive bias remained intact in the midcap and small cap space where stocks from the banking & financials space saw significant recoveries from their respected lows and can be looked at in coming weeks
- In the F&O space, FII activity was significantly higher last week especially in index future. While they were net buyers in the index futures segment worth ~₹ 2242 crore, they sold to the tune of ~₹ 28 crore in the stock futures segment during the week. At the same time, FIIs bought index options worth ~₹ 2460 crore during the week
- Nymex crude continues to move up and almost tested \$73.5 prices climbed for a fifth consecutive weekly gain, as demand growth is expected to outstrip supply on bets that Opec+ producers will be cautious in returning more output to the market from August. However, with demand recovery in sight, major downsides are not expected and \$68 remains a strong support

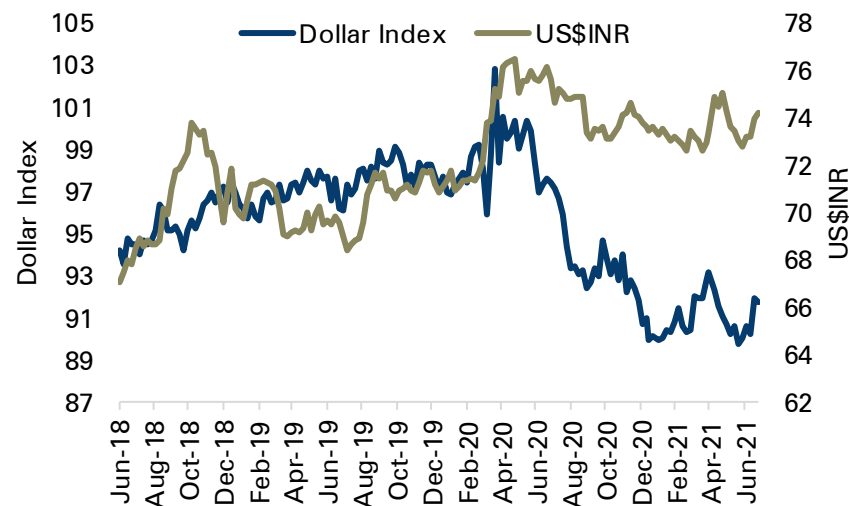
FII/DII buying in equities (in ₹ crore)					
Date	FII				DII
	Index Fut	Stock Fut	Index Opt	Cash	Cash
18-Jun	-101	-221	-425	2632	446
21-Jun	-478	74	1734	-955	138
22-Jun	669	-337	6840	-680	302
23-Jun	372	479	3122	-248	1317
24-Jun	1780	-23	-8811	-2891	1139

Source: Bloomberg, ICICI Direct Research

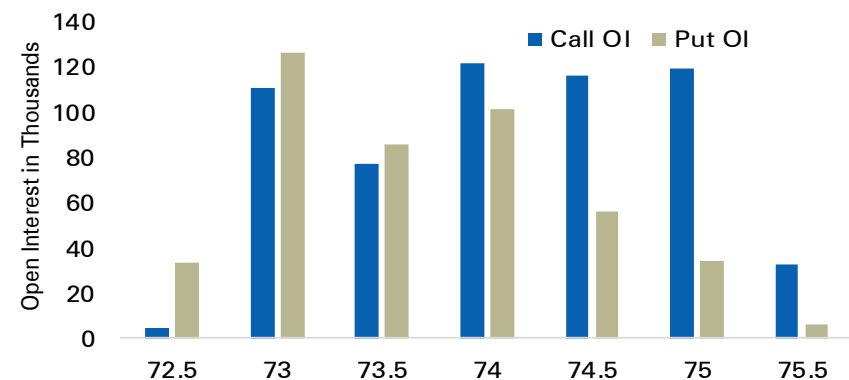
# Rupee: Further depreciation expected towards 74.60

- The rupee consolidated last week as a pullback in the dollar index along with positive domestic equities kept pressure on the pair
- The dollar index drifted lower as an agreement on US infrastructure spending underpinned appetite for riskier currencies but caution ahead of key US inflation data kept losses to a minimum
- Such small moves left most of the dollar's recent gains intact, after it vaulted higher in the wake of a surprise shift in policy outlook from the Federal Reserve - which last week flagged sooner-than-expected interest rate rises
- Overall, we expect the depreciation in the rupee to continue towards 74.60 level as bullish trend in the dollar index is likely to support the pair for the near term

## Dollar Index vs. US\$INR



## US\$INR Options Build-up



## Weekly Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Jul)	74.00	74.21	74.45	74.66	74.91
US\$INR (Aug)	74.40	74.55	74.77	74.91	75.14
EURINR (Jul)	88.07	88.49	88.78	89.20	89.49
EURINR (Aug)	88.42	88.84	89.11	89.53	89.81
GBPINR (Jul)	102.03	102.74	103.43	104.14	104.83
GBPINR (Aug)	102.38	103.10	103.78	104.50	105.18
JPYINR (Jul)	66.53	66.87	67.43	67.77	68.33
JPYINR (Aug)	66.57	67.02	67.63	68.09	68.70

Source: Bloomberg, Reuters, ICICI Direct Research

Date & Time (IST)	Country	Data & Events
Tuesday, June 29, 2021		
7:30 PM	US	CB Consumer Confidence (Jun)
Wednesday, June 30, 2021		
11:30 AM	UK	GDP (QoQ) (Q1)
11:30 AM	UK	GDP (YoY) (Q1)
2:30 PM	Euro Zone	CPI (YoY) (Jun)
5:45 PM	US	ADP Nonfarm Employment Change (Jun)
7:30 PM	US	Pending Home Sales (MoM) (May)
8:00 PM	US	Crude Oil Inventories
Thursday, July 1, 2021		
5:20 AM	Japan	Tankan Large Manufacturers Index (Q2)
5:20 AM	Japan	Tankan Large Non-Manufacturers Index (Q2)
2:00 PM	UK	Manufacturing PMI (Jun)
7:30 PM	US	ISM Manufacturing PMI (Jun)
Friday, July 2, 2021		
6:00 PM	US	Nonfarm Payrolls (Jun)
6:00 PM	US	Unemployment Rate (Jun)

Source: Bloomberg, ICICI Direct Research

<b>SYMBOL</b>	<b>COMPANY NAME</b>	<b>PURPOSE</b>	<b>MEETING DATE</b>
NATIONALUM	National Aluminium Company Limited	Financial Results/Other business matters	28-Jun-21
IDEA	Vodafone Idea Limited	Financial Results	30-Jun-21

*Source: Bloomberg, ICICI Direct Research*



Date	Scrp	Action	Recommendation
23-Jun-21	Tata Motors	Buy	<b>Long/Short Strategy</b> : 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	<b>Positional Option</b> : 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*

Date	Scrip	Action	Buy Price	Target	SL	CMP	%Ret	Time Frame
10-May-21	HDFC	Buy	2525-2565	2950	2348	2512	-1.1%	3 months
24-May-21	Lupin	Buy	1200-1225	1430	1098	1154	-4.6%	3 months
04-Jun-21	Page Industries	Buy	30350-30650	36200	27850	29448	-3.4%	3 months
07-Jun-21	Apollo Tyres	Buy	234-238	278	212	221	-6.2%	3 months
08-Jun-21	Cipla	Buy	925-945	1090	855	956	2.2%	3 months
15-Aug-21	Bank of Baroda	Buy	84-86	102	76	83	-1.8%	3 months

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Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,  
ICICI Securities Limited,  
1<sup>st</sup> Floor, Akruti Trade Centre,  
Road no.7, MIDC  
Andheri (East)  
Mumbai – 400 093  
research@icicidirect.com



Source: Bloomberg, ICICI Direct Research

We /I, Raj Deepak Singh BE, MBA (Finance), Nandish Patel BCOM, Dipesh Dedhia BCOM, MBA (Finance), Mohit Agarwal BSc, MBA (Finance), Siddhesh Jain Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

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