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November 20, 2020

Quant Pick – Exide Industries

Quant Pick

Stock	Action	Initiation Range	Target	Stop loss	Time Frame
Exide Industries	Buy	168.5-172.5	205	154	3 Months

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Buy Exide Industries in range of ₹ 168.5-172.5, Target: ₹ 205; Stop Loss: ₹ 154; Time frame: Three months

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Snapshot

Spot Price	172.00
Beta	0.67
12M Avg Price (₹)	158.0
3M Avg Roll (%)	94.0%
HV 30 Day (% Annualised)	47.00

Price vs. open interest pattern

Fresh long accumulation observed

Source: NSE, Seediff, ICICI Direct Research

Derivatives and Quantitative Outlook...

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- Broader markets have started recovering post the Covid-19 vaccine news. The midcap index has gained more than 9% since November 4. In the midcap space, stocks like Exide Industries have accumulated significant long positions and are likely to continue their upward bias in the coming weeks
- The open interest in the stock has increased lately. It has almost doubled from 7 million shares to 14 million shares when the stock was trading between the range of ₹ 150 and ₹ 175. Since last week it has slowly started gaining strength. The current rollovers have been good, indicating rollover of the long positions into the December series as well. In view of the recovery in the auto ancillary space, we expect the stock to test ₹ 200 levels
- On the options front, the stock has the highest Call option base at the 170 strike followed by 180 strike. Near the money Call strike of 170 in Exide has started to witness closure, which could offer much-needed momentum towards the current expiry itself. At the same time, the Put open interest base is firming up at the 165 Put strike from where the stock has seen a sharp reversal recently. It is likely to act as strong support in the near term
- Exide may see a pick-up in the uptrend after remaining in the range of ₹ 150-175 for more than couple of months. It has been holding above the crucial support zone of ₹ 150-155. Now the momentum may return in the stock as long positions have started adding up. In the last couple of months, 100% OI has increased. We believe these long positions may trigger a fresh breakout from the said range
- Since June 2020, Exide has taken support near ₹ 155 levels on multiple instances. Also, looking at the significant delivery volume activity around ₹ 150-155 levels in June 2020, delivery volumes were historic. These levels seem very crucial. In such a scenario, the positive bias may continue in the stock till these levels are held
- **Note:** Call has been initiated on iClick2Gain on November 20, 2020

Source: NSE, Seediff, ICICI Direct Research

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Source: Bloomberg, ICICI Direct Research

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