
Quant Pick – HCL Technologies

Quant Pick

Stock	Action	Initiation Range	Target	Stop loss	Time Frame
HCL Technologies	Buy	820-840	980	760	3 Months

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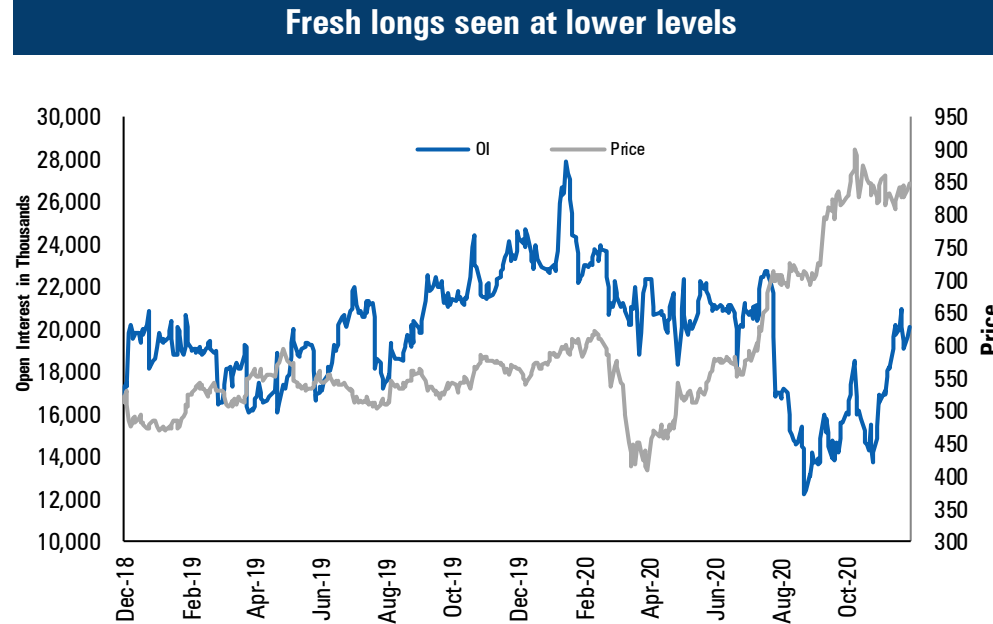
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Buy HCL Technologies in range of ₹ 820-840, Target: ₹ 980; Stop Loss: ₹ 760; Time frame: Three months

Snapshot

Spot Price	855.00
Beta	0.50
12M Avg Price (₹)	687.0
3M Avg Roll (%)	96.0%
HV 30 Day (% Annualised)	46.00

Price vs. open interest pattern



Source: NSE, Seediff, ICICI Direct Research

- The technology space has shown significant resilience in the last couple of months amid broader market volatility. We believe the sector is poised for the next round of upsides after a round of consolidation. HCL Technologies has retraced back to ₹ 800 levels after making lifetime highs near ₹ 900 in October. As long positions are still intact in the stock, we believe it will resume its upward momentum in the short-term
- The open interest in the stock has been increasing gradually in the last couple of months. The open interest in the stock has almost increased 50% since August along with the price movement as long positions were formed in the stock. Despite recent profit booking in the stock, the open interest has remained intact suggesting prevailing long bias still exists. We feel the stock is well placed to move towards its recent highs of ₹ 900 and above in coming days
- On the options front, the stock has the highest Call option base at the 900 strike followed by 850 strike. As it has started trading above ₹ 850 levels, closure of positions is evident at ATM strikes and positions are moving to deep OTM strikes. We expect continued upsides in it in the coming sessions. At the same time, Put open interest base is placed at the 800 strike from where the stock has seen a reversal recently
- In the last three months, noteworthy delivery volumes increased in the stock at ₹ 790-810 levels. We expect levels around ₹ 800 to act as important support for the stock in the short-term. In the mid-part of the November series, it already recovered from these levels. We expect the positive bias to remain intact above the said support level
- Historically, the stock has seen its upward momentum towards its mean+3*sigma levels before witnessing any change of trend. Currently, mean+3*sigma for the stock is placed near ₹ 940 levels. At the same time, immediate support can be expected near its mean+2*sigma placed near ₹ 800 levels
- **Note:** Call has been initiated on iClick2Gain on December 2, 2020

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Source: Bloomberg, ICICI Direct Research

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