
Quant Pick – Max Financial Services

Quant Pick

Stock	Action	Initiation Range	Target	Stop loss	Time Frame
Max Financial Services Ltd	Buy	590-610	705	559	3 Months

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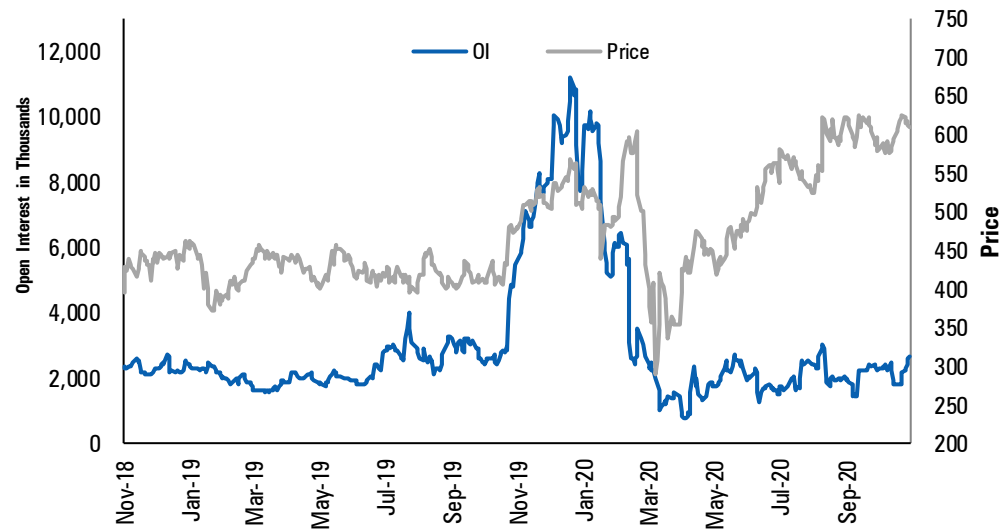
Buy Max Financial Services in range of ₹ 590-610, Target: ₹ 705; Stop Loss: ₹ 559; Time frame: Three months

Snapshot

Spot Price	610.00
Beta	1.25
12M Avg Price (₹)	520.0
3M Avg Roll (%)	88.0%
HV 30 Day (% Annualised)	82.00

Price vs. open interest pattern

Long accumulation likely to take stock higher



Source: NSE, Seediff, ICICI Direct Research

November 18, 2020

- The insurance space has remained largely range bound in the last couple of months with stocks like Max Financial Services underperforming its peers in the ongoing recovery. We believe the stock has substantial room for upsides. After remaining range bound for some time, the recent up move is likely to continue towards ₹ 700 and higher
- The open interest in the stock has increased gradually in the last two months. Current OI in the stock is at a three-month high. OI in the stock was close to 2.5 million shares in early March. The current OI is no different at present levels while the stock has moved back to its 52-week highs. Considering continuous outperformance and resilience by the stock, we expect fresh accumulation to be seen, which should take it higher in the upcoming sessions
- On the options front, the major Call base of the stock was at the 630 strike for the November series followed by 600 strike. As the stock is already trading above ₹ 600, a further up move is likely to be seen in the coming sessions
- The stock witnessed noteworthy delivery based activity in September as it exceeded its multiple hurdle of ₹ 560-600 levels and moved towards ₹ 645 levels. Since accumulation was seen in this stock in the last few months, we believe downsides are limited in it while positive momentum is likely to remain intact in the stock above the mentioned levels
- The stock has been testing ₹ 560-600 levels for the last four years. Post the breakout in September, 2020 it has been just consolidating in the last two months above ₹ 560. We believe it can start building up long positions from these levels as there is ample room left in the stock
- **Note:** Call has been initiated on iClick2Gain on November 17, 2020

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Source: Bloomberg, ICICI Direct Research

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