

Derivatives view

March 5, 2024

Intraday...

Action	Scrip	Target 1	Target 2	Stoploss	Time frame
Buy BHAELE Mar Fut at 210.15-211.15	Bharat Electronics Limited	212.2	214.6	209	Intraday
Sell MOTSUM Mar Fut at 120.4-120.5	Motherson Sumi Systems Limited	119.2	117.3	122	Intraday

[Daily view](#)

Weekly...

Action	Scrip	Target	Stoploss	Time frame	Status
Buy ULTCM Feb Fut at 10140-10170	Ultratech Cement	10520.0	9980.0	Weekly	Open
Sell DRLAL Mar Fut at 2345-2355	Dr. Lal Path Labs	2240.0	2410.0	Weekly	Open

[Weekly view](#)

Other Product offerings

Derivatives Strategy

Underlying	Action
Axis Bank	Buy

Duration : 1-2 months

Click here to see [open calls](#)

Quant (Derivatives) Pick

Underlying	Action
MGL	Buy

Duration : 1-3 months

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Intraday Outlook: Buy Bank Nifty in the range of 47400-47450

Nifty			
	Close	Pvs Close	% Change
Spot	22405.60	22378.40	0.12%
Future	22497.95	22502.00	-0.02%
Basis	92	124	-
OI (Lakhs)	143.29	141.92	0.96%
PCR	1.30	1.32	-

Bank Nifty			
	Close	Pvs Close	% Change
Spot	47456.10	47297.50	0.34%
Future	47691.25	47659.80	0.07%
Basis	235	362	-
OI (Lakhs)	42.03	36.12	16.37%

Pivot Level		
	Nifty Future	Bank Nifty Future
S2	22319	47055
S1	22362	47255
Pivot	22402	47392
R1	22445	47593
R2	22484	47730

❖ GIFT Nifty indicates flat opening for the day. According to option data, Nifty is expected to trade with positive bias. In case there is any correction towards 22300 levels fresh long can be created.

❖ Sell Nifty 22150 Put option (Mar 7 expiry) in the range of | 48-50 Target: | 20 Stop loss: | 63

❖ The Bank Nifty witnessed sizeable OI addition of 16% and closed in positive indicating long addition. For the day, 47000 Put strike hold sizeable OI which is expected to act as immediate support while on the higher side 48000 is likely to act as hurdle area.

❖ Buy Bank Nifty future in the range of 47400-47450 Target: 47800-48000 Stop loss: 47250

❖ FII's sold ₹564 crore while DII's bought ₹3543 crores in the cash segment. FII's have bought index futures worth ₹ 1270 crores while in index options they sold ₹ 19683 crores. In stock futures segment, they sold ₹325 crores.

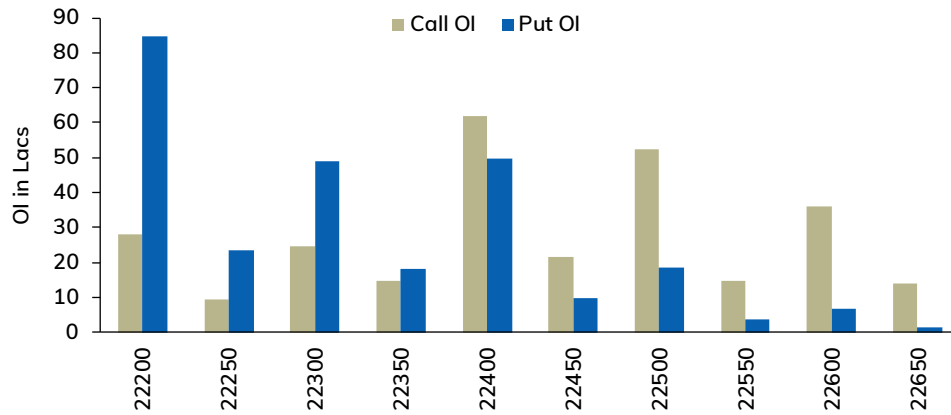
❖ Stocks in Ban: Zee.

Note: Index calls may be changed, if view differs during market hours and positional recommendations given in Derivatives Strategy should not be linked to intraday index/stock calls.
Source: NSE, Seeditf, Bloomberg ICICI Direct Research

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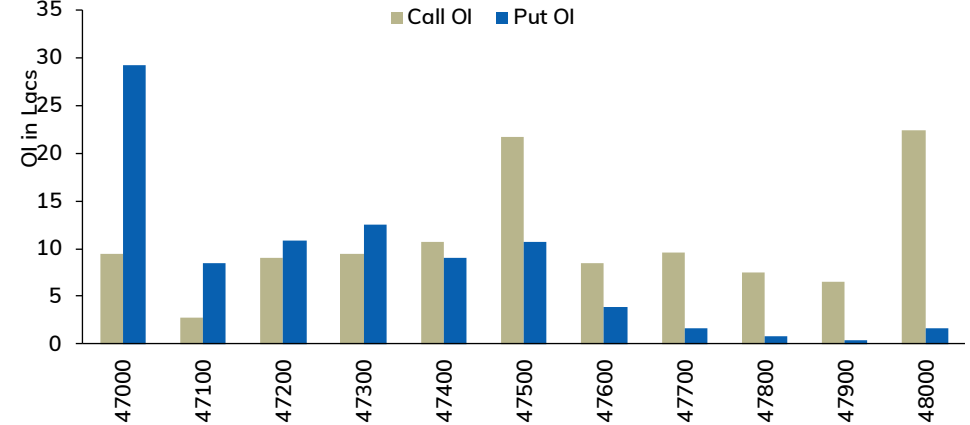
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Nifty Weekly Option OI Distribution



- ❖ In Nifty, 22400 Call strike holds noteworthy OI of ~62 lakhs shares.
- ❖ On the Put side, 22200 strikes holds substantial OI of ~84 lakhs shares.

Bank Nifty Weekly Option OI Distribution



- ❖ In Bank Nifty, 48000 Call strike hold meaningful OI of ~23 lakhs shares.
- ❖ While on the Put side, 47000 strike holds sizeable OI of ~29 lakh shares.

Long Buildup

Name	Price (%)	OI(%)
SAIL	2.74%	16.74%
BHEL	11.80%	15.13%
SUNTV	1.44%	9.94%
BEL	1.40%	9.51%
NATIONALUM	0.45%	7.76%

Short Buildup

Name	Price (%)	OI(%)
LALPATHLAB	-2.64%	9.63%
MOTHERSON	-0.45%	6.28%
EICHERMOT	-2.72%	5.72%
INDIAMART	-0.51%	5.46%
SBILIFE	-1.96%	5.37%

Long Unwinding

Name	Price (%)	OI(%)
SIEMENS	-0.63%	-8.46%
INDHOTEL	-0.18%	-5.79%
TITAN	-0.80%	-4.50%
MARUTI	-0.02%	-3.16%
SHRIRAMFIN	-0.39%	-2.54%

Short Covering

Name	Price (%)	OI(%)
MRF	0.66%	-9.59%
NMDC	2.31%	-8.04%
BHARATFORG	0.48%	-7.09%
VOLTAS	0.25%	-7.00%
ABB	2.25%	-4.23%

Source: NSE, Seediff, Bloomberg ICICI Direct Research

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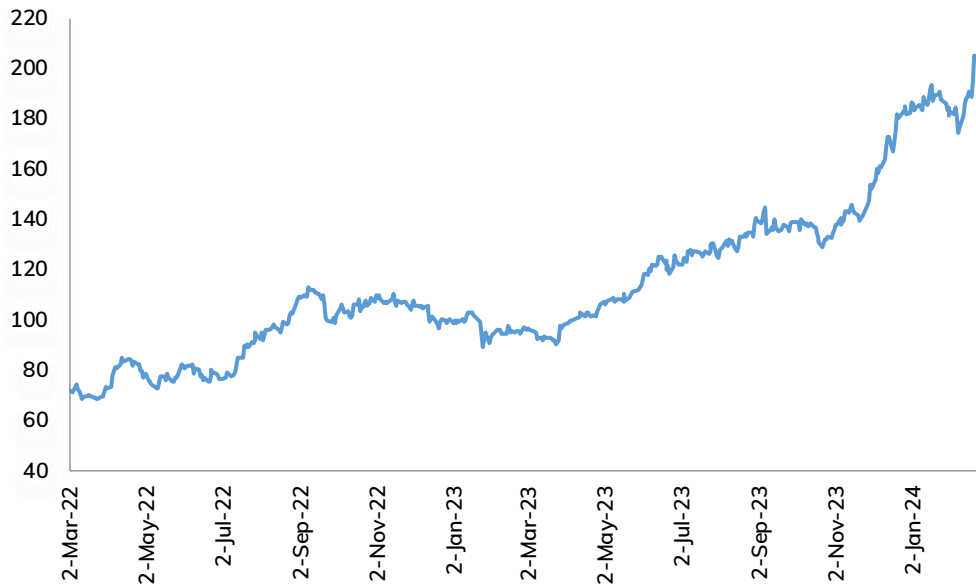
Intraday recommendation with historical price performance...

i) Bharat Electronics Limited (CMP: 210.65)

Buy BHAELE Mar Fut at | 210.15-211.15

Target 1: 212.2 Target 2: 214.6

Stop Loss: 209.1

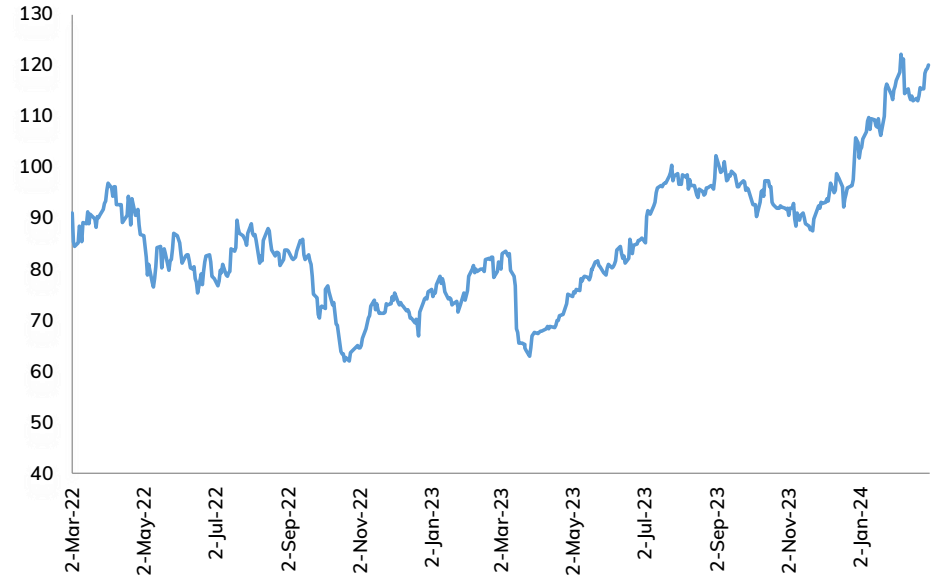


ii) Moterson Sumi Systems Limited (CMP: 120.45)

Sell MOTSUM Mar Fut at | 120.4-120.5

Target 1: 119.2 Target 2: 117.3

Stop Loss: 121.7



Strategy Follow-up								
Date	Stock	View	Strategy	Reco	Target	SL	P&L	Comment
4-Mar-24	APOTYR	Buy	Long Fut	535.2	548.4	529.9	-	Not initiated
4-Mar-24	CHAFER	Sell	Short Fut	356.4	344.5	361.1	-	Not initiated

Weekly future recommendations:

1) Buy ULTCEM (Ultratech Cement) March in the range of 10140-10170 Target 10520 and StopLoss 9980

Rationale

Cement stocks have shown significant resilience in the recent market volatility and exhibited strong rebound with the markets. In this space, Ultratech Cement is likely to perform well as it has moved above its major hurdle and significant Call base of 10000 last week. We expect stock to find further momentum on the back of incremental long additions seen in the stock.

2) Sell DRLAL (Dr. Lal Path Labs Ltd) March in the range of 2345-2355 Target 2240 and StopLoss 2410.

Rationale

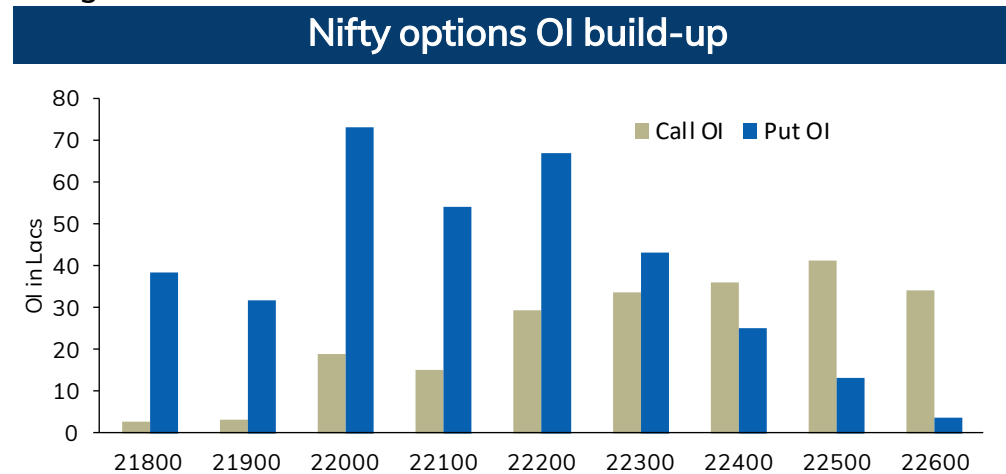
The stock has underperformed broader market over the past few months. Last week It had witnessed moderate recovery but failed to surpass its Call base of 2500 and reverted once again. We believe that it may attract fresh short addition in the coming days. On the options front, the stock has given close below its support base of 2400 along with significant Call writing at ATM strikes. With expectations of limited upside, we believe the stock will continue its underperformance and move towards 2240 levels in the coming session.

Strategy Follow up							
Underlying	View	Strategy	Reco	Target	Stoploss	Profit/Loss	Comment
ACC	Bullish	Buy Futures	2710	2875	2620	-27000	Stoploss Triggered
UPL	Bearish	Sell Futures	492	450	512.1	15015	Profit Booked

Source: Bloomberg, ICICI Direct Research

Nifty likely to extend gains towards 22700 levels...

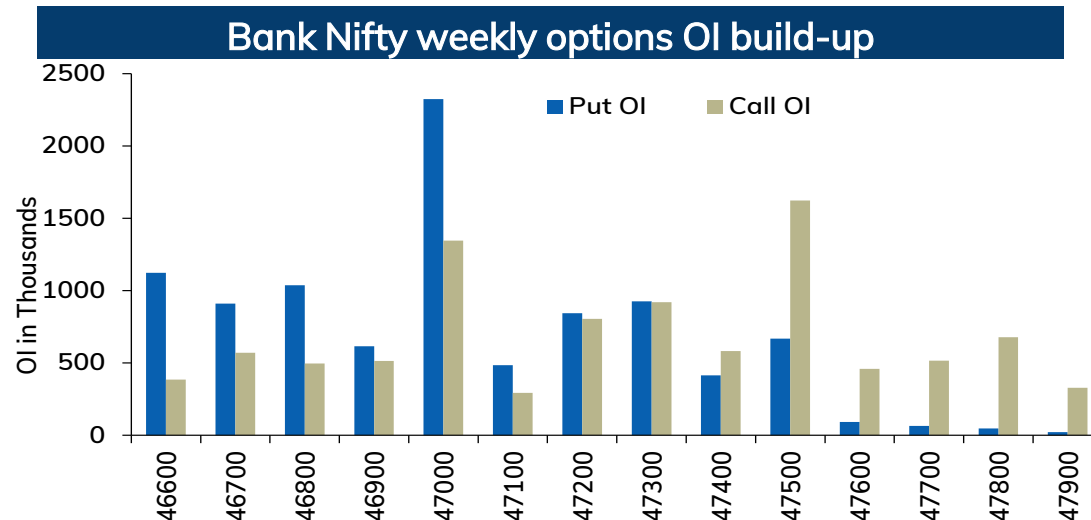
- Nifty gained sharply on Friday, erasing all the losses seen during the week and closed at life highs with the gains of nearly 0.6% in a highly volatile week. The gains extended on Saturday's trading session as well where strong recovery was seen in the beaten down names from banks and other index heavyweights in the first session of the March. However, broader markets have relatively underperformed where both midcap and small cap indices closed the week flat to negative. Going ahead, we expect Nifty to remain positive and move towards 22700 levels in the coming sessions.
- From the rollover perspective, Nifty has started the new series with relatively high leverage of near 1.3 crore shares while FPI remaining net shorts in Index futures. Banking heavyweights like HDFC Bank and Kotak Bank continued the March series with heavy short positions. On the other hand, Pharma and Metal stocks are starting the series with significant positive bias.
- From the options front, sharp pull back seen on Friday triggered heavy Put writing at ATM and OTM strikes with 22000 Put strike holding the highest Put base. On higher side, we believe current momentum in markets may extend towards 22700 levels in coming sessions.
- Due to heightened intraday volatility, India VIX index has remained elevated and closed the week near 15 levels once again. We believe volatility to remain elevated in coming weeks as well.



Source: Bloomberg, ICICI Direct Research
March 5, 2024

Bank Nifty: Short covering rally to continue towards 48000 levels...

- Banking index closed the week nearly 1% higher last week primarily driven by sharp recovery seen on Friday and closed the week near its crucial hurdle area of 47200 levels. We believe sustainability of current levels may trigger short covering momentum towards 48000 levels in the coming sessions.
- While almost every banking stocks have participated in the move led by both private sector and PSU heavyweight. However, stocks like HDFC Bank and Kotak Bank continue to under perform and considering the significant shorts prevailing in these stocks, a round of covering may lead to further momentum in the banking index.
- Despite the up move seen in Bank Nifty, Call options concentration remains at ATM strikes where 47000 Call strike still hold noteworthy open interest. While the Put base has strengthened significantly, sustainability above 47000 itself may remain crucial for extension of the move. On downsides, we believe 46500 should act as immediate support for Banking index.
- Financial Nifty has also recovered sharply and gained near 0.8% last week. The recovery was largely driven by banking names as NBFC remained under pressure. Considering significant Call writing placed at 21000 strike, we expect Fin Nifty to settle the weekly expiry near these levels only.



Domestic flows helped index to extend gains...

- Global markets remained buoyant and made fresh life highs last week as well. Apart from headline indices, US midcap and small cap indices also moved higher. Along with risk assets, safe heavens like bullions have also moved higher as Gold closed at life highs. Sharp declines in US treasury yields and weakness in Dollar has triggered across the board move in the commodity space.
- Domestically, Foreign participants continue to remain on sidelines and despite Nifty moving higher, they remained net sellers. While during the week, they were the net buyers of Rs 2570 crores, but more than 4000 crores inflows were seen during MSCI rebalancing on 29th Feb. Overall, during the month, FII have bought just over 1500 crores in the entire month. On the other hand, domestic institutions bought another 8200 crores last week.
- In the F&O space also, FIIs' activities remained relatively muted in both index futures and options. Even after February settlement and markets moving higher, the net short positions have increased to nearly 62k contracts last week. Even in the stock futures segment, activities were largely muted as FIIs have bought nearly 480 crores only. On the other hand, despite the significant volatility seen in index options, they have sold nearly 1 lakh crores.
- Crude oil futures ended on the positive note in the previous week amid weakness in dollar and ongoing geopolitical tension in Middle East. For this week, we expect NYMEX crude oil prices to rise further towards \$83.50 mark as OPEC+ members agreed to extend voluntary oil output cuts of 2.2 million barrels per day into the second quarter

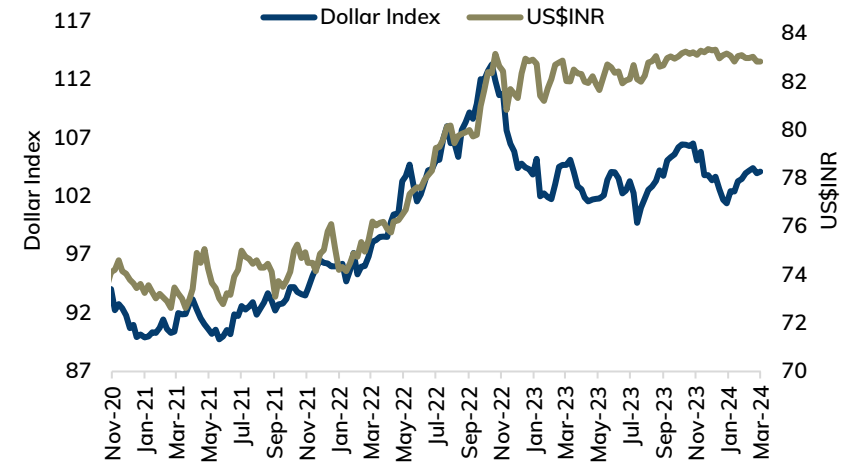
FII/DII buying in equities (in crore)					
Date	FII			DII	
	Index Fut	Stock Fut	Index Opt	Cash	Cash
26-Feb-24	531	1005	-25947	-276	-5
27-Feb-24	139	-1083	-30817	86	2862
28-Feb-24	-243	-635	-31107	-1552	1827
29-Feb-24	-896	-4181	-335	4181	-230
01-Mar-24	-191	5378	-13682	129	3814

Source: Bloomberg, ICICI Direct Research

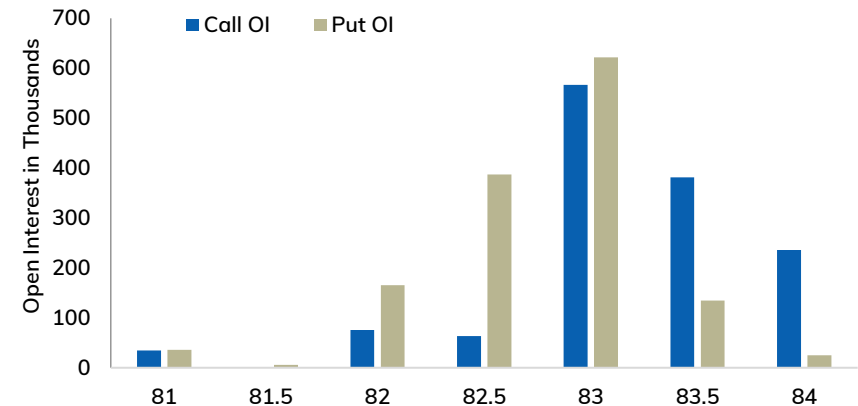
Rupee: likely to appreciate further till 82.50 levels

- Rupee appreciated in the previous week amid retreat in US treasury yields and weakness in Dollar. Further, rupee gained strength on rise in risk appetite in the domestic markets and as India's GDP registered robust growth of 8.4% in Q3FY24
- We expect Rupee to appreciate further towards 82.50 levels on expectation of further correction in dollar & US treasury yields. US Dollar and Yields are likely to move south ahead of Job and ISM Non-Manufacturing data, which may give fresh cues on when the Federal Reserve is likely to begin cutting interest rates. US Non-Farm Payrolls data is forecasted to show that less number of jobs were added in the economy. Moreover, investors will remain vigilant ahead of Fed Chair Powell testimony to get the hint on future rate hike trajectory. USDINR is likely to face hurdle near 83.10 level and slip towards 82.50 level

Dollar Index vs. US\$INR



US\$INR options build-up



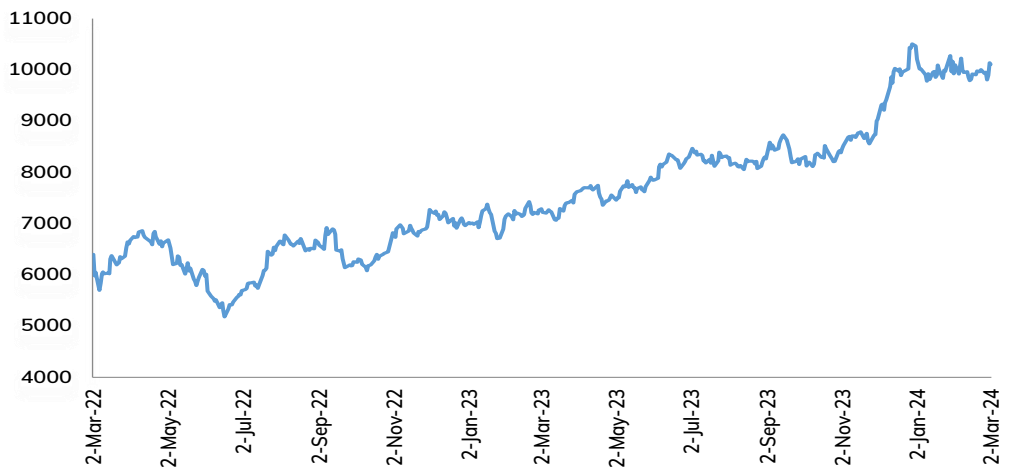
Weekly Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Mar)	82.93	82.99	83.07	83.13	83.21
US\$INR (Apr)	83.02	83.07	83.15	83.20	83.29
EURINR (Mar)	88.56	88.98	89.38	89.80	90.20
EURINR (Apr)	88.77	89.16	89.55	89.94	90.33
GBPINR (Mar)	103.59	104.04	104.65	105.09	105.70
GBPINR (Apr)	103.68	104.14	104.73	105.19	105.78
JPYINR (Mar)	54.90	55.14	55.54	55.79	56.18
JPYINR (Apr)	55.28	55.52	55.90	56.14	56.52

Source: Bloomberg, Reuters, ICICI Direct Research

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Ultratech Cement



Dr. Lal Path Labs



Source: NSE, Seediff, Bloomberg ICICI Direct Research

Forthcoming Events...

Date & Time (IST)	Country	Data & Events
Monday, March 04, 2024		
3:00 PM	Europe	Sentix Investor Confidence
Tuesday, March 05, 2024		
5:00 AM	Japan	Tokyo Core CPI y/y
7:15 AM	China	Caixin Services PMI
8:30 PM	US	ISM Services PMI
Wednesday, March 06, 2024		
3:00 PM	UK	Construction PMI
6:45 PM	US	ADP Non-Farm Employment Change
8:30 PM	US	Fed Chair Powell Testifies
8:30 PM	US	JOLTS Job Openings
9:00 PM	US	Crude Oil Inventories
Thursday, March 07, 2024		
Tentative	China	Trade Balance
12:30 PM	Europe	German Factory Orders m/m
6:45 PM	Europe	Main Refinancing Rate
7:00 PM	US	Unemployment Claims
8:30 PM	US	Fed Chair Powell Testifies
9:00 PM	US	Natural Gas Storage
Friday, March 08, 2024		
12:30 PM	Europe	German Industrial Production m/m
7:00 AM	US	Average Hourly Earnings m/m
7:00 AM	US	Non-Farm Employment Change
7:00 AM	US	Unemployment Rate

Derivatives Strategies: Open recommendations



Date	Scip	Action	Recommendation
23-Feb-24	Axis Bank	Buy	Long/Short Strategy: Buy Axis Bank March futures 1108- 1113, Sell 1150 March Call 19-20, Stoploss 1059.9, Target 1170, Expiry March

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Source: Bloomberg, ICICI Direct Research

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Quant Picks: Open recommendations...

Date	Scrip	Action	Price	Target	Stop Loss	Last close	Return (%)	Time
16 Feb 24	MGL	Buy	1500-1515	1680	1390	1542	1.8%	3 months

Yearly Quant Picks

21 Dec 23	Dalmia Cement	Buy	2110-2190	2700	1838	2027	-7.4%	12 months
21 Dec 23	Federal Bank	Buy	143-150	190	123	154	4.5%	12 months

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Source: Bloomberg, ICICI Direct Research

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