

# Derivatives view

March 20, 2024

## Intraday...

Action	Scrip	Target 1	Target 2	Stoploss	Time frame
Buy KOTMAH Mar Fut at   1750.4-1754.4	Kotak Mahindra Bank Limited	1774.9	1808.7	1730	Intraday
Sell DIVLAB Mar Fut at   3445.85-3451.85	Divi'S Laboratories	3403.9	3336.4	3494	Intraday

[Daily view](#)

## Weekly...

Action	Scrip	Target	Stoploss	Time frame	Status
Buy HDFSTA March Fut at   627.0-631.0	HDFC Life	672.0	604.9	Weekly	open
Sell EICMOT Mar Fut at   3760-3775	Eicher Motors	3490.0	3917.0	Weekly	Profit Booked

[Weekly view](#)

## Other Product offerings

### Derivatives Strategy

Underlying	Action
HDFC Life	Buy

Duration : 1-2 months

Click here to see [open calls](#)

### Quant (Derivatives) Pick

Underlying	Action
Nestle	Buy

Duration : 1-3 months

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## Research Analysts

Jay Thakkar  
jay.thakkar@icicisecurities.com

Dipesh Dedhia  
dipesh.dedhia@icicisecurities.com

Raj Deepak Singh  
rajdeepak.singh@icicisecurities.com

Siddhesh Jain  
siddhesh.jain@icicisecurities.com

# Intraday Outlook: Buy Bank Nifty in the range of 46000-46050

Nifty			
	Close	Pvs Close	% Change
Spot	21817.45	22055.70	-1.08%
Future	21886.50	22135.45	-1.12%
Basis	69	80	-
OI (Lakhs)	162.54	166.29	-2.26%
PCR	0.73	0.99	-

Bank Nifty			
	Close	Pvs Close	% Change
Spot	46384.80	46575.90	-0.41%
Future	46449.05	46741.60	-0.63%
Basis	64	166	-
OI (Lakhs)	55.28	54.60	1.24%

Pivot Level		
	Nifty Future	Bank Nifty Future
S2	21678	46072
S1	21748	46228
Pivot	21863	46415
R1	21933	46572
R2	22048	46759

- ❖ The Nifty slipped lower as it failed to hold 22000 levels led by selling pressure seen in Technology stocks. For the day, 22000 Call strike witnessed substantial writing which is expected to act as immediate resistance area.
- ❖ Sell Nifty 22000 Call option (Mar 21 expiry) in the range of | 40-42 Target: | 22 Stop loss: | 56

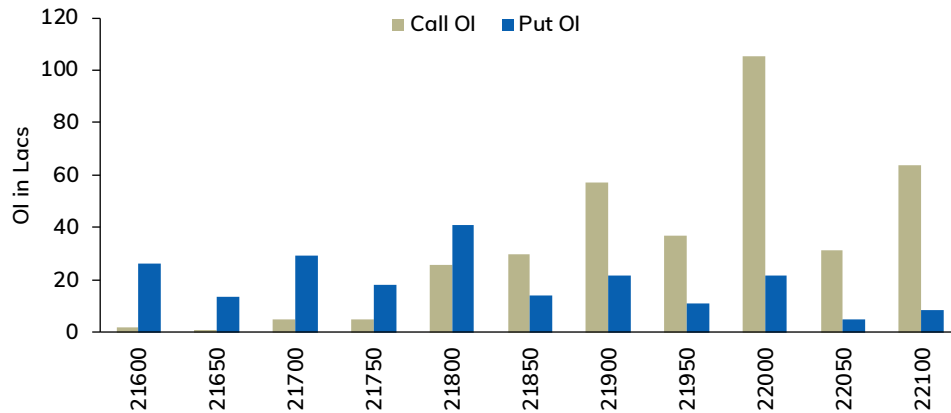
- ❖ The Bank Nifty relatively outperform Nifty however selling pressure in SBI, Axis Bank capped upsides. For today's expiry, 46500 Call strike holds noteworthy OI which is expected to act as immediate resistance area. On the downside, 46000 is expected to act as support.
- ❖ Buy Bank Nifty future in the range of 46000-46050 Target: 46300-46400 Stop loss: 45800

- ❖ FII's bought ₹1421 crore while DII's bought ₹7450 crore in the cash segment. FII's have sold index futures worth ₹ 2143 crore while in index options they sold ₹ 14546 crore. In stock futures segment, they bought ₹ 1218 crore.
- ❖ Stocks in Ban: Balrampur Chini, BHEL, Biocon, Hindustan Copper,, Indus Tower, PEL, RBL Bank, Sail, and 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, Seediiff, Bloomberg ICICI Direct Research

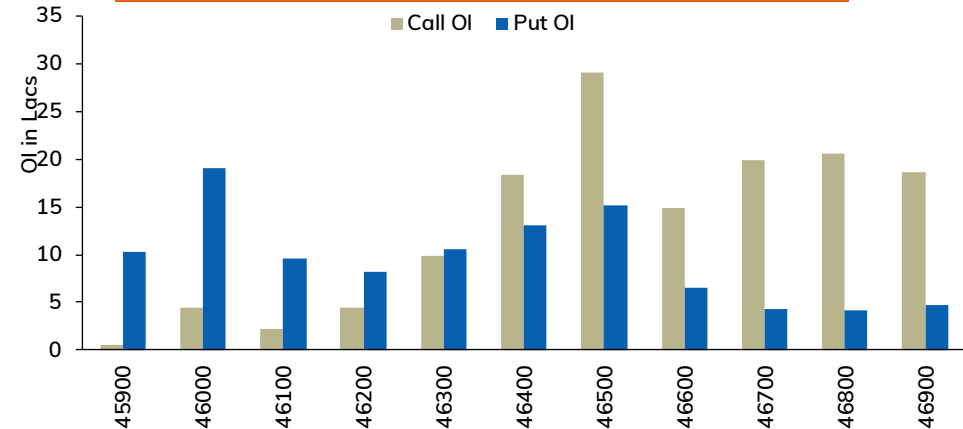
# Nifty 22000 Call strike holds substantial OI...

### Nifty Weekly Option OI Distribution



- ❖ In Nifty, 22200 Call strike holds noteworthy OI of ~105 lakhs shares.
- ❖ On the Put side, 21800 strike holds substantial OI of ~41 lakhs shares.

### Bank Nifty Weekly Option OI Distribution



- ❖ In Bank Nifty, 46500 Call strike hold meaningful OI of ~29 lakhs shares .
- ❖ While on the Put side , 46000 strike holds sizeable OI of ~19 lakh shares

#### Long Buildup

Name	Price (%)	OI(%)
BAJAJ-AUTO	1.21%	6.25%
EICHERMOT	0.51%	3.95%
HINDALCO	0.12%	0.26%

#### Short Buildup

Name	Price (%)	OI(%)
TCS	-3.90%	17.15%
INDUSTOWER	-4.00%	11.48%
GUJGASLTD	-3.95%	8.43%
ASIANPAINT	-1.18%	6.58%
CROMPTON	-1.87%	6.16%

#### Long Unwinding

Name	Price (%)	OI(%)
ABB	-1.03%	-4.68%
PIIND	-0.35%	-4.28%
APOLLOHOSP	-1.27%	-4.00%
PIDILITIND	-2.70%	-3.83%
HINDCOPPER	-1.65%	-3.51%

#### Short Covering

Name	Price (%)	OI(%)
OBEROIRLTY	1.03%	-5.41%
ICICIGI	0.09%	-4.54%
BAJFINANCE	1.45%	-4.40%
ESCORTS	0.33%	-3.73%
MFSL	0.68%	-3.48%

Source: NSE, Seediff, Bloomberg ICICI Direct Research

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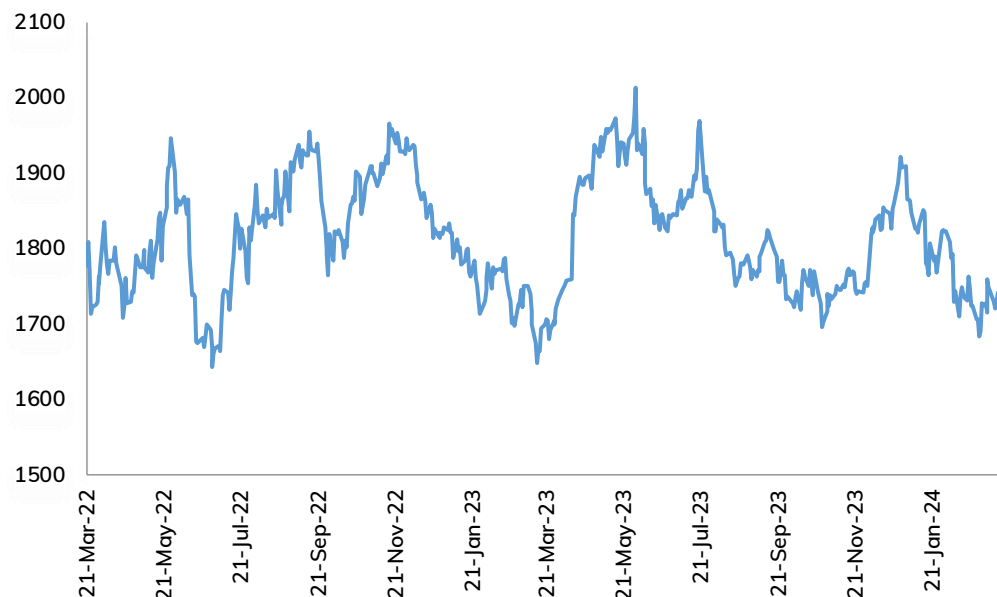
# Intraday recommendation with historical price performance...

## i) Kotak Mahindra Bank Limited (CMP: 1752.4)

Buy KOTMAH Mar Fut at | 1750.4-1754.4

Target 1: 1774.9      Target 2: 1808.7

Stop Loss: 1729.9

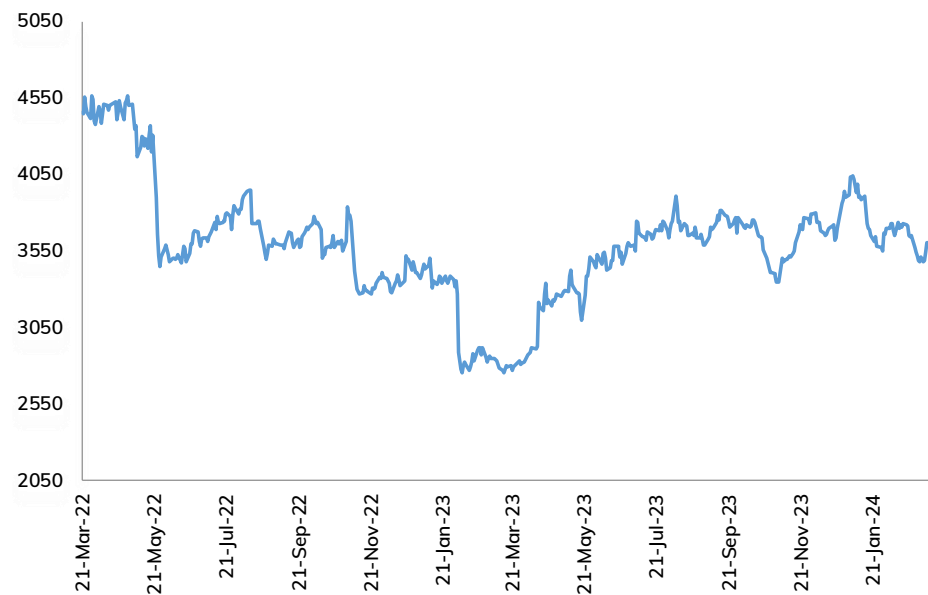


## ii) Divi'S Laboratories (CMP: 3448.85)

Sell DIVLAB Mar Fut at | 3445.85-3451.85

Target 1: 3403.9      Target 2: 3336.4

Stop Loss: 3493.9



### Strategy Follow-up

Date	Stock	View	Strategy	Reco	Target	SL	P&L	Comment
19-Mar-24	MARUTI	Buy	Long Fut	11644.7	12094.7	11464.7	-	Not initiated
19-Mar-24	POWFIN	Sell	Short Fut	373.3	371.0	375.6	-	Not initiated

# Weekly Recommendation

## Weekly future recommendations:

1) Buy HDFSTA (HDFC LIFE INSURANCE COM LTD) MAR in the range of 627-631 Target 672 and StopLoss 604.9..

### Rationale

HDFC Life has shown significant resilience in the recent market volatility and outperformed markets. The stock started the series with one of the highest open interests in the last 9 months. During the series, the outperformance came amid significant closure suggesting ongoing short covering in the stock. Furthermore, the stock has closed above its maximum Call base of 630 strike above which a likely to extend the move. We believe the current short covering move may help the stock to move towards ₹ 670 levels in the coming sessions.

2) Sell EICMOT (EICHER MOTORS LTD) MAR in the range of 3760-3775 Target 3490 and StopLoss 3917.

### Rationale

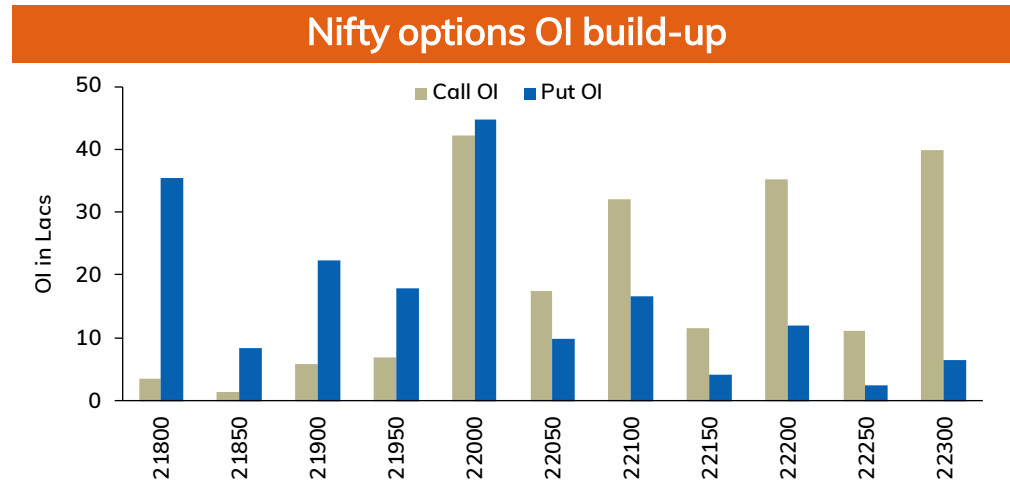
Eicher Motor had been consolidating in the broader range of 3800-4000 over the past 2 months. Last week, the stock closed below its important support of 3800, which has turned our bias negative. On the options front, aggressive Call writing was observed in the strikes ranging from 3800 to 4200 Call strikes, making them strong hurdle on the upside. We believe there will be limited upside and the stock is likely to remain under pressure.

Strategy Follow up							
Underlying	View	Strategy	Reco	Target	Stoploss	Profit/Loss	Comment
Ramco Cement	Bullish	Buy Futures	816	755	850	15300	Profit Booked
PVR	Bearish	Sell Futures	1417	1520	1349.9	-27310	Stoploss Triggered

Source: Bloomberg, ICICI Direct Research

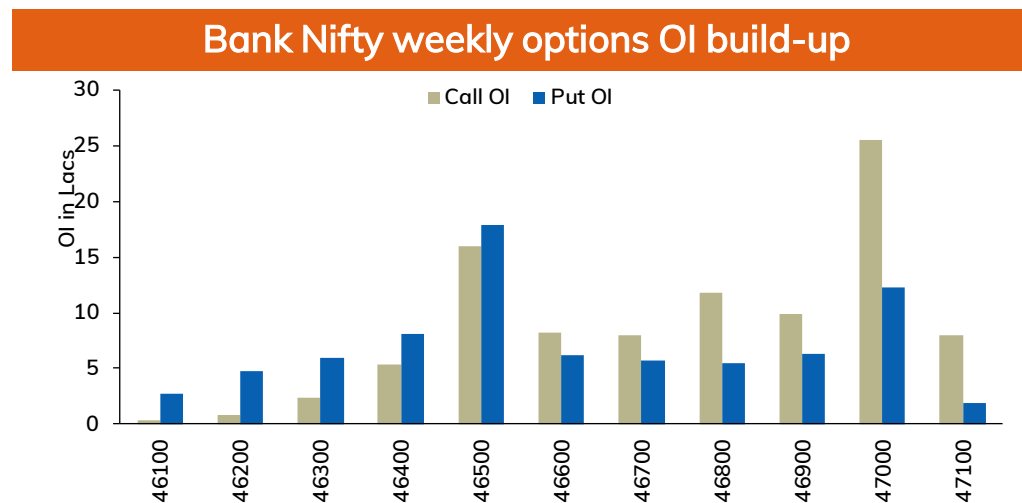
# Nifty: Sustainability above 22200 crucial for uptrend to continue...

- Nifty snapped its 4 weeks of winning streak and ended with the losses of more than 2%. The major pain was seen in the broader markets where midcap and small cap indices experienced deep cuts and lost nearly 5% each. Going ahead, we believe 22200 levels on higher side to act as immediate hurdle and aggressive longs should be avoided till Nifty is not able to sustain above these levels.
- From the options front, significant Call writing is visible at ATM and OTM strikes indicating selling pressure at higher levels. While the Put base can be seen at ATM 22000 strike for the coming week. Considering Nifty was able to defend 22000 levels on numerous occasions, hence move below these levels may extend the weakness in the coming week.
- Even in futures, Nifty leverage remains on the higher side and apart from retail, rest of the market participants remained net shorts in the index. Also, considering significantly higher premium (Basis) in Nifty, upsides may remain restricted in the coming week. Hence, a move above 22200 is crucial for the fresh uptrend.
- The volatility index has closed the week almost flat despite noteworthy intraday volatility and sharp declines seen in the markets last week. While Nifty has made monthly lows last week, retesting of these lows may trigger a covering move from the Put option writers.



Source: Bloomberg, ICICI Direct Research  
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- Banking index also erased the gains of last 3 weeks and closed the week near 46500 levels losing more than 2.5%. Profit booking among outperforming PSU banks along with private sector heavyweights led the declines in Bank Nifty as it closed negative in all 5 sessions of the week. Going ahead, we believe that February lows near 45800 is likely to act as immediate support for the bank Nifty while fresh positive bias should be formed if it is able to sustain itself above 47200 levels.
- From the options space, just like Nifty, Bank Nifty have also witnessed aggressive Call writing at ATM and OTM strikes with 47000 Call strike holding the highest option concentration. On the other hand, no major Put option is placed apart from ATM strike of 46500. Hence, only a move above 47000 levels should be consider for fresh longs in Bank Nifty.
- Bank Nifty futures have seen accumulating fresh shorts last week as well and primarily in the April series. The total open interest in Bank Nifty is nearly 1 year high suggesting significant fresh shorts. Thus, another move above 47000 may trigger a round of short covering in the banking index
- Financial Nifty has also underperformed and shed nearly 1.7% last week. Here as well, Call writing is significantly higher compare to Put strikes and major upsides seems unlikely in the coming weekly settlement. We believe Fin Nifty to settle the week below 20800 levels.



# Domestic flows helped index to sustain above 22000 levels

- Global equity markets witnessed significant volatility last week and closed the week near the lows as rising treasury yields have put pressure on risk assets. All three major US indices ended the week significantly lower erasing the gains of nearly 1 month. Even safe heavens like bullions have also seen some profit booking at higher levels. Among commodities, copper prices have moved up sharply due to supply concerns from China.
- March month has seen some significant selling activities from promoters. We have seen promoters/strategic investors selling stakes in large cap stocks like ITC, M&M, Indigo and Bharti. Overall during the month so far, FIIs have bought more than 36000 crores and most of the money is through these block deals only. On the other hand, domestic institutions continue to accumulate with equity buying of more than 9500 crores last week.
- In the F&O space, FIIs' have seen forming fresh shorts last week in both index futures and Call options amid high volatility. In the recent market decline, the net short positions have increased again to nearly 58k from 34k contracts seen last week. In the stock futures segment, significant stock specific activities were seen as FIIs have bought nearly 8000 crores. On the other hand, despite the significant volatility seen in index options, they have sold nearly more than 56k crores.
- Crude oil futures ended the week with a gain of more than 3% amid tighter supply optimism. Improving demand from US and tightening fuel markets supported the NYMEX crude to went past the \$80 mark. For this week, we expect NYMEX crude oil prices to rise towards \$84 mark on supply disruption from Russia and demand growth in US. Additionally, expectation of lower interest rates in major economies could increase oil demand by boosting economic growth

FII/DII buying in equities (in   crore)					
Date	FII			DII	
	Index Fut	Stock Fut	Index Opt	Cash	Cash
11-Mar-24	-173	895	-14364	3825	4212
12-Mar-24	442	2095	-7642	-211.61	73
13-Mar-24	-1382	4828	-16694	14327	4595
14-Mar-24	-711	2138	-13204	-477	1356
15-Mar-24	-633	-1921	-3772	849	-682

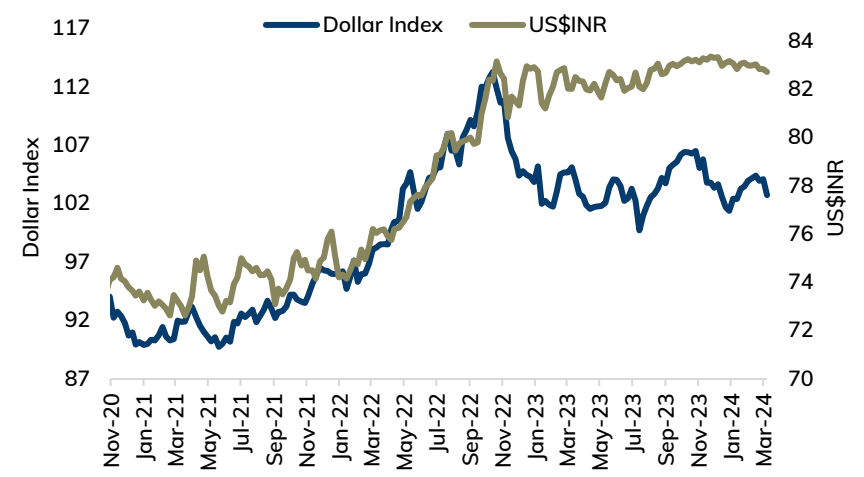
Source: Bloomberg, ICICI Direct Research



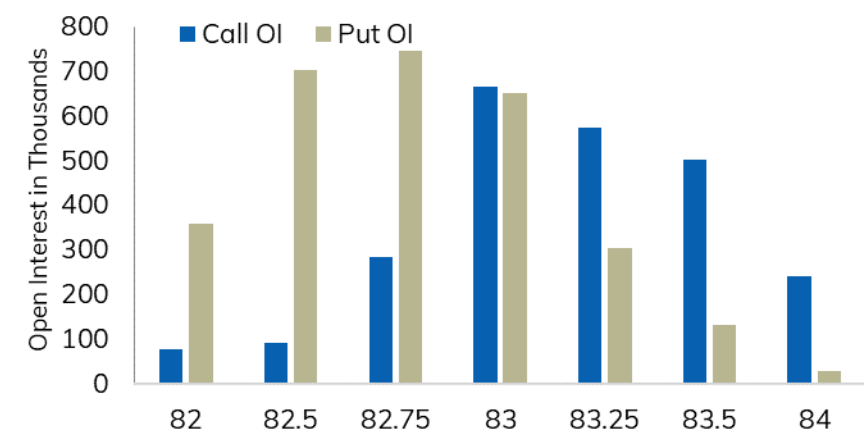
# Rupee: likely to face the hurdle near 83.15 levels

- Rupee fell from its 6-month highs amid rebound in the dollar index and US treasury yields. Sticky US inflation numbers has pushed the dollar higher and lowered the probability of early rate cut bets. US CPI inched up to 3.2% YoY and Core CPI rose by 3.8% YoY. Further, improved retail sales numbers and rise in PPI numbers supported the dollar to hold firm.
- We expect USDINR to move in a tight range ahead of the FOMC meeting. The pair may face the hurdle near 83.15 and move back towards 82.70 in the coming week amid expectation of correction in dollar. Moderation in job growth and rise in unemployment rate could force the Fed to incline its stance towards rate cut in June. Meanwhile, all focus will remain on the Fed's economic projection and statement which would bring more clarity. USDINR March future is likely to face resistance near 83.15 and move back towards 82.70. A break below 82.70 levels may open the downside towards 82.50.

## Dollar Index vs. US\$INR



## US\$INR options build-up



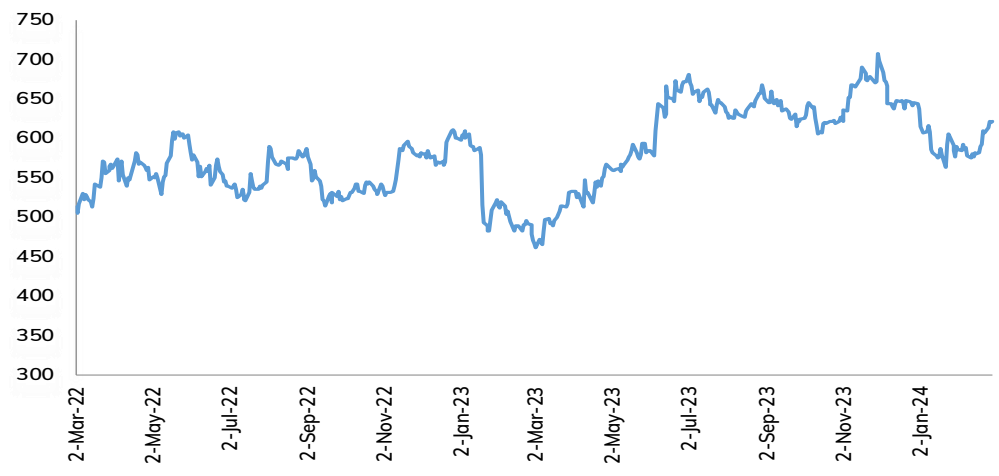
## Weekly Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Mar)	82.52	82.70	82.84	83.03	83.17
US\$INR (Apr)	82.63	82.80	82.93	83.10	83.24
EURINR (Mar)	89.83	90.03	90.37	90.58	90.92
EURINR (Apr)	89.97	90.20	90.59	90.82	91.21
GBPINR (Mar)	105.01	105.31	105.82	106.11	106.62
GBPINR (Apr)	105.14	105.42	105.91	106.19	106.68
JPYINR (Mar)	55.32	55.60	56.13	56.41	56.94
JPYINR (Apr)	55.78	56.04	56.54	56.80	57.30

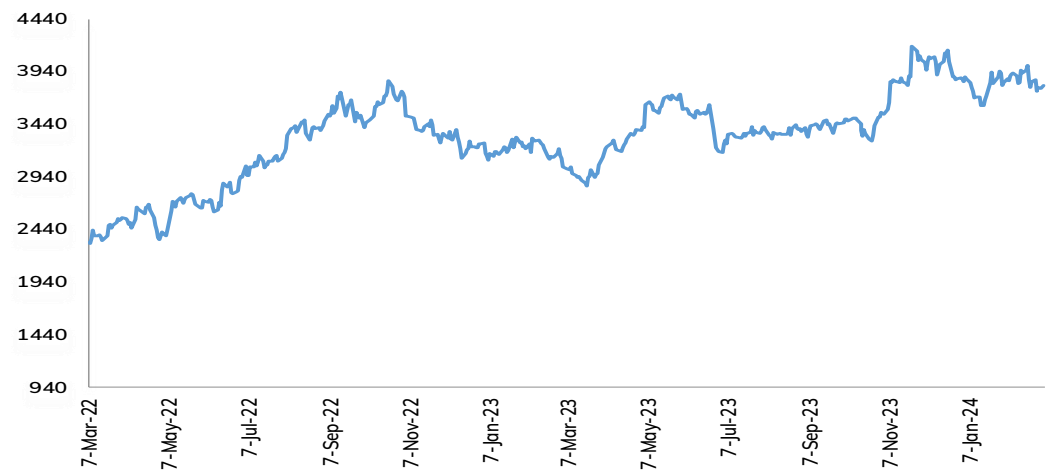
Source: Bloomberg, Reuters, ICICI Direct Research  
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# Recommended Stocks: Historical price performance...

## HDFC Life



## Eicher Motors



Source: NSE, Seediff, Bloomberg ICICI Direct Research

# Forthcoming Events...

Date & Time (IST)	Country	Data & Events
Monday, March 18, 2024		
7:30 AM	China	Industrial Production y/y
1:30 PM	Europe	Final CPI y/y
Tuesday, March 19, 2024		
Tentative	Japan	BOJ Policy Rate
3:30 PM	Europe	German ZEW Economic Sentiment
6:00 PM	US	Building Permits
Wednesday, March 20, 2024		
6:45 AM	China	5-y Loan Prime Rate
3:30 PM	UK	CPI y/y
8:00 PM	US	Crude Oil Inventories
11:30 PM	US	Federal Funds Rate
11:30 PM	US	FOMC Economic Projections
Thursday, March 21, 2024		
2:30 PM	Europe	Flash Manufacturing PMI
2:30 PM	Europe	Flash Services PMI
5:30 PM	UK	Official Bank Rate
6:00 PM	US	Unemployment Claims
7:15 PM	US	Flash Manufacturing PMI
7:15 PM	US	Flash Services PMI
8:00 PM	US	Natural Gas Storage
Friday, March 22, 2024		
12:30 PM	UK	Retail Sales m/m
2:30 PM	Europe	German ifo Business Climate

# Derivatives Strategies: Open recommendations

Date	Scrp	Action	Recommendation
7-Mar-24	Jindal Steel & Power	Buy	Long/Short Strategy: Buy Jindal Steel & Power 850 Call 24 – 25, Sell 900 Call 9 – 10, Target 50, Stoploss 1, Expiry March Expiry.
14-Mar-24	Britannia	Buy	Long/Short Strategy: Buy Britannia 5000 Call 84-87, Sell 5200 Call 25- 27, Target 200, Stoploss 4, till March expiry.
18-Mar-24	HDFC Life	Buy	Positional Future :Buy HDFSTA (HDFC LIFE INSURANCE COM LTD) MAR in the range of 627-631 Target 672 and StopLoss 604.9..
19-Mar-24	Ultratech Cement	Sell	Positional Future :Sell ULTCEM (ULTRATECH CEMENT LIMITED) MAR in the range of 9545-9585 Target 9000 and StopLoss 9845.1.

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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
11 Mar 24	Nestle India	Buy	2600-2630	2950	2400	2501	-4.4%	3 months

Yearly Quant Picks								
21 Dec 23	Federal Bank	Buy	143-150	190	123	148	0.3%	12 months

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Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,  
ICICI Securities Limited,  
Third Floor, Brillanto House,  
Road No 13, MIDC,  
Andheri (East)  
Mumbai – 400 093  
research@icicidirect.com



Source: Bloomberg, ICICI Direct Research

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Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal  
Contact number: 022-40701000 E-mail Address: [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: Mr. Prabodh Avadhoot Email address: [heads-servicequality@icicidirect.com](mailto:heads-servicequality@icicidirect.com) Contact Number: 18601231122

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