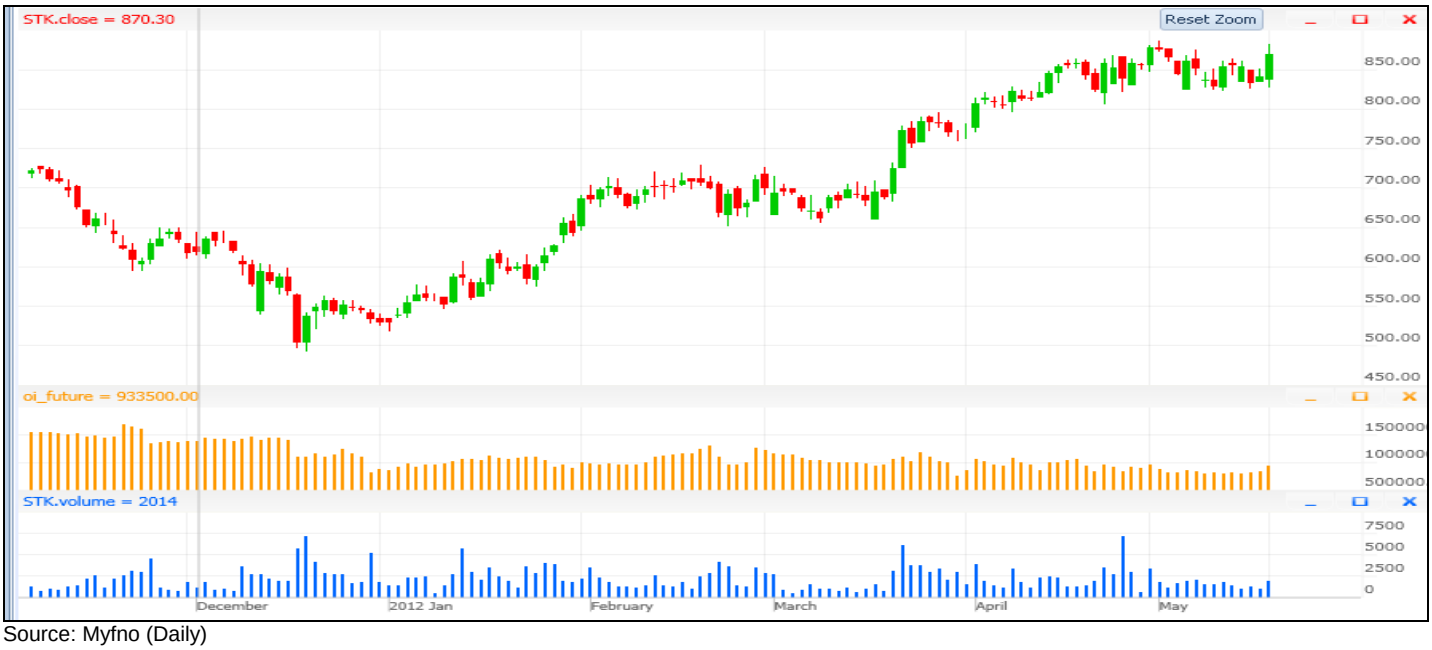
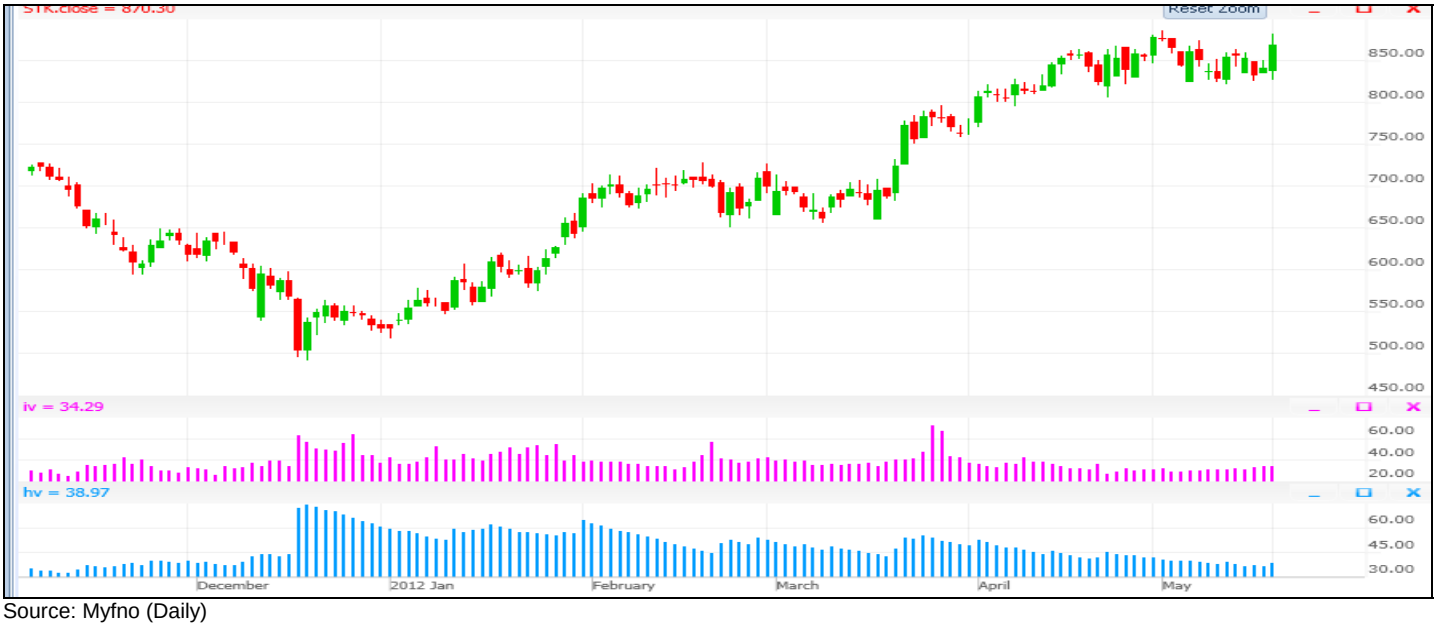
Derivative Stock Pick: BATAINDIA May Fut (CMP-885.00)

Observation:

- This stock in derivative segment has rallied aggressively in the last session after the consolidation of couple of weeks, which is evident from the attached daily timeframe chart.
- Open Interest (OI) of BATAIND May Fut has picked up sharply in last session with the up trend in the stock price suggesting fresh build up of long positions.
- Volume in BATAIND in derivative segment expanded in last session indicating aggressive participation of bulls in this stock.
- Implied Volatility (IV) of BATAINDIA is at the minor higher levels of around 34% for the last 2-3 sessions. If IV starts to decline consistently from here, then we could see up trend in the underlying stock.
- Historical Volatility (HV) of BATAINDIA has started to rise from the last session (39.88%) signaling possible volatility breakout in this stock.
- OI PCR of BATAIND May Fut has started to move up, showing the probability of expected positive sentiment in the underlying.



Source: Myfno (Daily)



Source: Myfno (Daily)

Strategy:

- Go for a long position in BATAIND May Fut between **Rs.885.00-875.00**, for the target of **Rs.940.00**, in the next timeframe of **one week**. Place a stop loss at **Rs.850.00** as on daily closing basis.

Sector Analysis:

- Volume has expanded in Capital Goods sector in the last session with the marginal decline in the sector, showing the signs of possible built up of shorts.
- Highest rollover % observed in banking sector with the rise in the Bank Nifty suggesting positive built up in this sector. Look to buy this sector for short term.
- Open Interest in Fertilizer sector has expanded in this sector by falling in underlying price by around 1.6% in the last session. This is indicating probable continuation of weakness for short term.

Note: Once the market opens for trade, the analyst will review it and decide to give the call through an internal mail/SMS at the same or different levels of entry, target and stop loss or not give the call at all. Clients could get in touch with the analyst through their designated dealers to check about this.

Analyst: Nagaraj Shetti (nagaraj.shetti@hdfcsec.com)

HDFC Securities Limited, I Think Techno Campus, Building 'B', "Alpha", Office Floor 8, Near Kanjurmarg Station, Opposite Crompton Greaves, Kanjurmarg (East), Mumbai – 400042, Fax: (022) 30753435

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