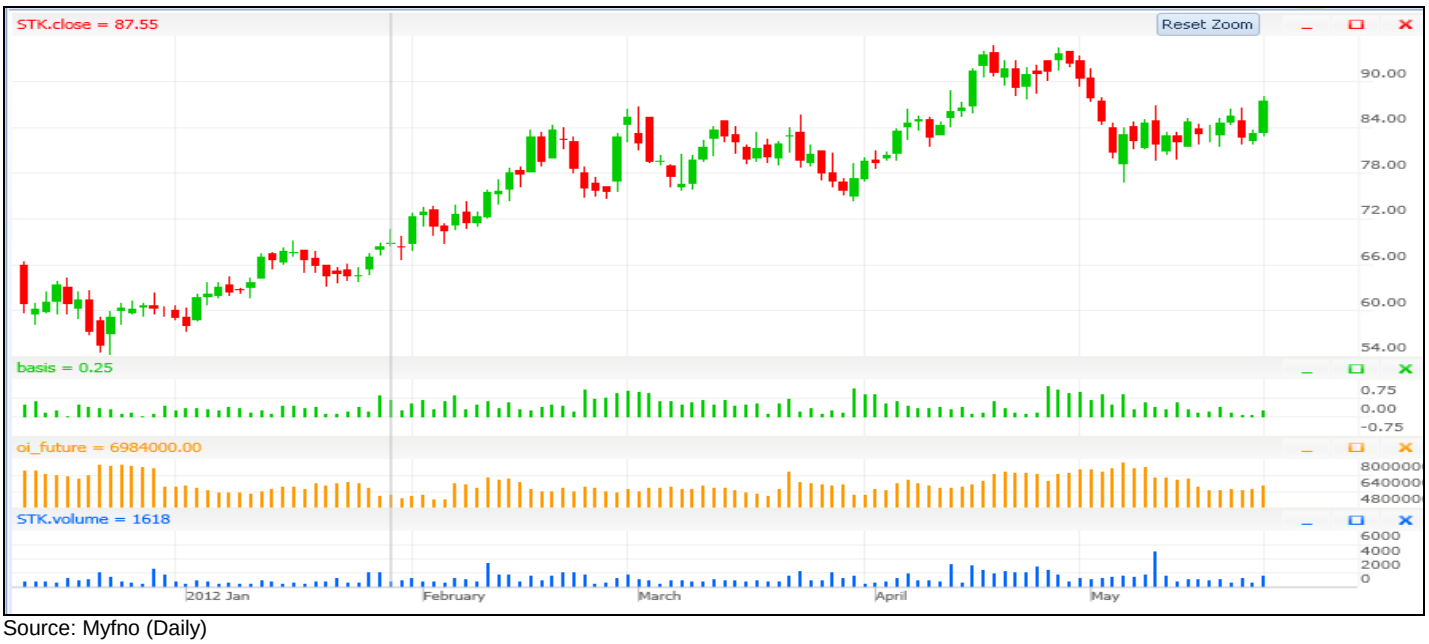
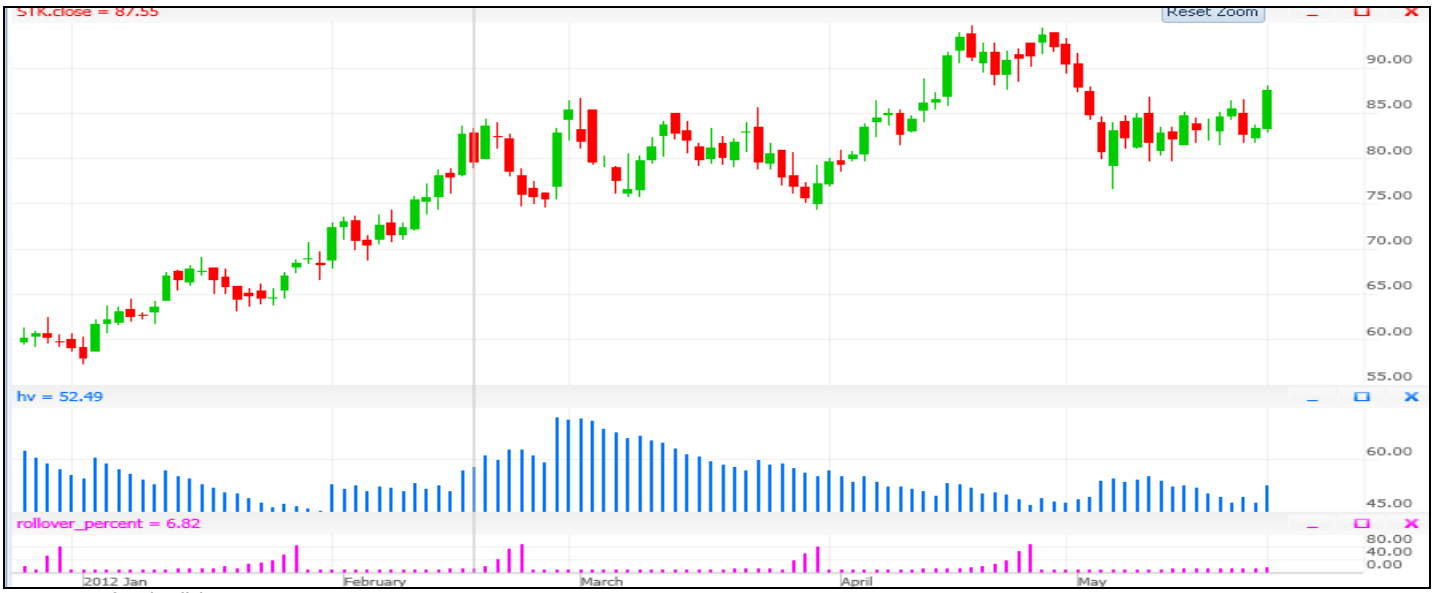
Derivative Stock Pick: APOLLOTYRE May Fut (CMP-89.00)

Observation:

- After moving in to higher highs for the last three weeks, this Auto ancillary stock in May Fut has rallied aggressively in last session.
- Open Interest (OI) of APOLLOTYRE May Fut has moved up sharply in previous session accompanied by the aggressive up move in the underlying stock price, signaling probable build of long positions.
- Premium on APOLLOTYRE has also turned up to 0.25 points from its discount of -0.05 points suggesting positive bias of the stock trend.
- The volume of APOLLOTYRE in derivative segment has expanded in last session with the uptrend in the stock price, which is displaying that bulls have started to participate in this stock.
- Historical Volatility (HV) of APOLLOTYRE climbed up yesterday to 52.49% (from its previous 47.81%) reflecting probable upward volatility breakout in the stock price. This is positive for the stock trend.
- Rollover activity has picked up in APOLLOTYRE as increase in the rollover up to 8.2% as on previous session. This is showing positive outlook for the stock.



Source: Myfno (Daily)



Source: Myfno (Daily)

Strategy:

- Go for a long position in APOLLOTYRE May Fut between **Rs.89.00-86.00**, for the target of **Rs.94.00**, in the next timeframe of **one week**. Place a stop loss at **Rs.84.50** as on daily closing basis.

Sector Analysis:

- Metal sector witnessed up move in value and minor increase in the Open Interest (OI) & Volume suggesting possible short covering in this sector.
- Sharp uptrend witnessed in Banking & Fin ser. Sector that was accompanied by sharp rise in OI and the volume indicating possible build up of long positions. Bank Nifty is looking good for a buy.
- Transportation sector has witnessed maximum rollover with the falling volume and minor OI indicating the possibility of further declines in coming sessions.

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.

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