

June 9, 2020

Quant Pick - Infosys

Quant Pick						
Stock	Action	Initiation Range	Target	Stop loss	Time Frame	
Infosys	Buy	690-720	840	630	3 Months	

Research Analysts Amit Gupta amit.gup@icicisecurities.com

Nandish Patel

nandish.patel@icicisecurities.com

Raj Deepak Singh

rajdeepak.singh@icicisecurities.com

Dipesh Dedhia

dinesh dedhia@icicisecurities.com

Buy Infosys in the range of ₹ 690-720, Target: ₹ 840;

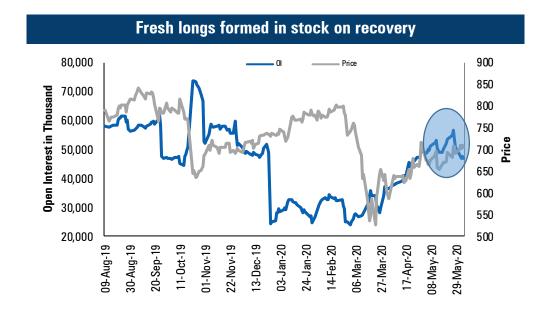
Stop Loss: ₹ 630; Time frame: Three months



Snapshot

Spot Price	720.00
Beta	0.51
12M Avg Price (₹)	245
3M Avg Roll (%)	87.00%
HV 30 Day (% Annualised)	25.34

Price vs. open interest pattern



Derivatives and Quantitative Outlook...



- In the current market scenario, we have seen stocks from the underperforming space witnessing sharp upsides in the last couple of weeks as the Nifty has moved towards its March high of 10200. We believe a round of profit booking can be expected in such stocks while stocks from technology may start witnessing fresh buying once again. Technology heavyweight Infosys has been hovering around ₹ 700 for a while. Now, it is likely to witness fresh upsides on the back of continued formation of long positions
- The open interest in Infosys has been gradually rising since the March series. From just over 30 million shares seen in mid-March, the current OI in the stock is closer to 48 million shares. Meanwhile, the stock has moved from ₹ 550 levels to ₹ 700 levels by the May series. After a round of consolidation, it seems it is moving higher once again. Considering long positions remaining intact, we believe a further up move is expected
- In the options space, the stock had the highest Call OI base at the 700 strike since the inception of the series. The ongoing consolidation around these levels has further strengthened the OI base. However, as the stock is trading above these levels, a continued up move may be seen towards next Call base of 800 strike
- The rupee has seen strengthening on the back of a weakening dollar and has moved to its major support level of ₹ 75. We believe major appreciation may not be seen in rupee, it may consolidate and eventually may start depreciating from here onwards. A weakening rupee should bode well for the technology space, especially Infosys
- Infosys has also shown the tendency of finding directional trends after breaching its long term mean levels in either direction. It has started trading above its long term mean levels around ₹ 712 after a brief consolidation. In such a scenario, the stock may find a fresh uptrend and move towards its mean+2*sigma levels near ₹ 830 in coming months

Note: Call has been initiated on iClick2Gain on June 8, 2020



Pankaj Pandey Head – Research pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road no.7, MIDC
Andheri (East)
Mumbai – 400 093
research@icicidirect.com



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