

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

Fresh longs formed in stock on recovery



Source: NSE, Seediff, ICICI Direct Research

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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



Source: Bloomberg, ICICI Direct Research

We /I, Amit Gupta B.E, MBA (Finance), Raj Deepak Singh BE, MBA (Finance), Nandish Patel BCOM, Dipesh Dedhia BCOM, MBA (Finance), Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

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