
Quant Pick – Glenmark Pharma

Quant Pick					
Stock	Action	Initiation Range	Target	Stop loss	Time Frame
Glenmark Pharma	Buy	465-475	540	423	3 Months

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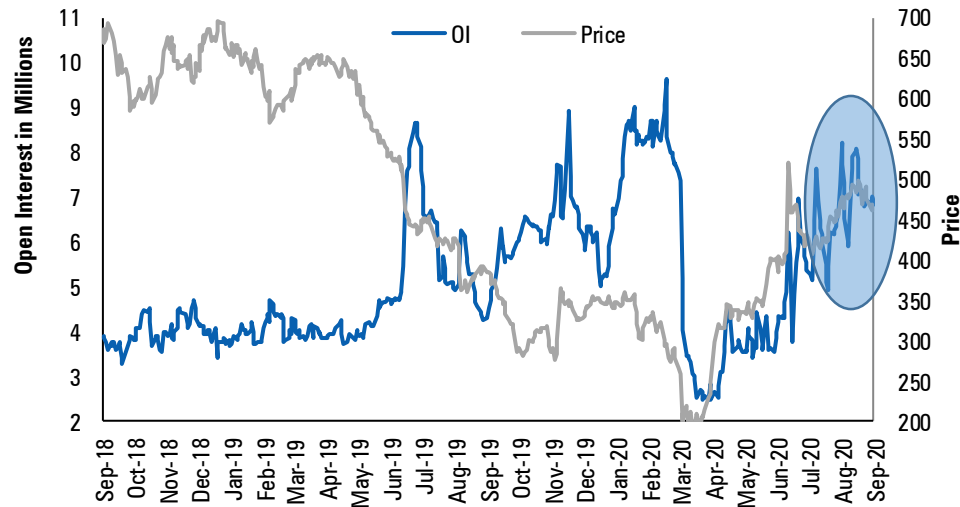
Buy Glenmark Pharma in range of ₹ 465-475, Target: ₹ 540;
Stop Loss: ₹ 423; Time frame: Three months

Snapshot

Spot Price	475.00
Beta	0.83
12M Avg Price (₹)	352.0
3M Avg Roll (%)	87.0%
HV 30 Day (% Annualised)	64.00

Price vs. open interest pattern

Long positions intact in recent profit booking



Source: NSE, Seediff, ICICI Direct Research

- The pharma space has shown significant resilience in the last couple of weeks amid broader market volatility. We believe the sector is poised for the next round of upsides after a round of consolidation. Glenmark has retraced back to ₹ 450 levels after making highs near ₹ 540 in June. As long positions are still intact in the stock, we believe it will resume its upward momentum in the near term
- The open interest in Glenmark has been increasing gradually in the last couple of months. The open interest in the stock has almost doubled since April along with the price movement as long positions were formed in it. Despite recent profit booking in the stock, the open interest has remained intact suggesting prevailing long bias is still intact. We expect the stock to move towards its recent highs of ₹ 540 in the days to come
- On the options front, the stock has the highest Call option base placed at the 480 strike followed by 500 strike. As the stock has started trading above these levels, closure of positions is evident at these strikes and positions are moving at higher OTM strikes. We expect continued upsides in it in the coming sessions. At the same time, Put open interest base is placed at the 450 strike from where the stock has seen a sharp reversal recently
- The stock witnessed lifetime high volume activity in the June series around ₹ 450. After a round of profit booking towards ₹ 420 levels, it resumed its uptrend. We do not expect it to revisit these levels once again in the near term. Hence, long positions can be formed in the stock with stop loss placed around these levels
- In the recent up move, the stock was able to move towards its long term mean levels. After a round of consolidation, we expect to resume its uptrend towards mean+1*sigma levels, which is placed near ₹ 580 for the stock. Meanwhile, the immediate support for the stock can be seen at its mean levels, which is currently placed at ₹ 450

Note: Call has been initiated on iClick2Gain on September 11, 2020

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Source: Bloomberg, ICICI Direct Research

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