

September 3, 2020

## Quant Pick – Infosys

Quant Pick					
Stock	Action	Initiation Range	Target	Stop loss	Time Frame
Infosys Ltd	Buy	915-935	1090	840	3 Months

### Research Analysts

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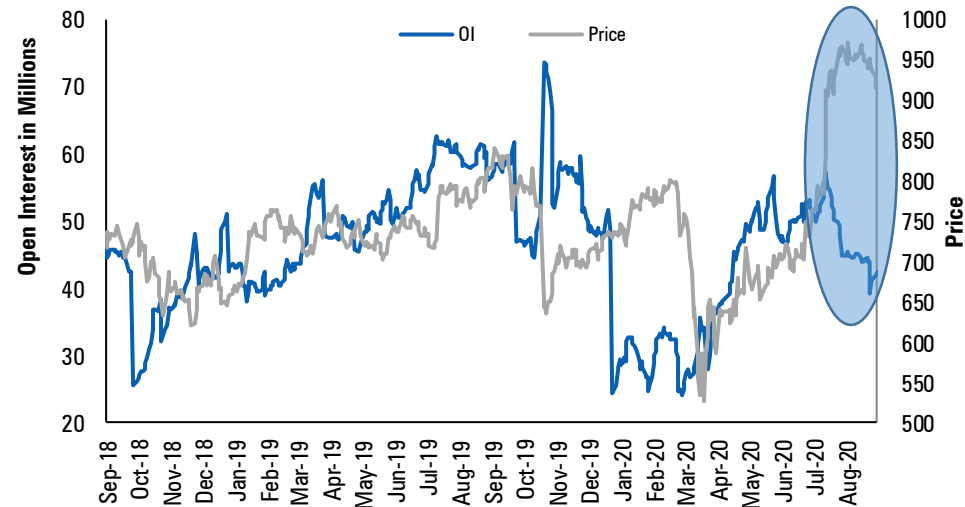
Buy Infosys in range of ₹ 915-935, Target: ₹ 1090;  
Stop Loss: ₹ 840; Time frame: Three months

## Snapshot

Spot Price	935.00
Beta	0.65
12M Avg Price (₹)	753.0
3M Avg Roll (%)	87.0%
HV 30 Day (% Annualised)	25.40

## Price vs. open interest pattern

Fresh accumulation likely to take stock higher



Source: NSE, Seediff, ICICI Direct Research

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# Derivatives and Quantitative Outlook...

- In the current market scenario, we have seen stocks from underperforming sectors witnessing sharp upsides while performing spaces like technology took a breather. We believe that after a round of profit booking, technology stocks will resume their uptrend. Infosys has been hovering around ₹ 900 levels for a while. Now, it is likely to witness upsides on the back of fresh formation of long positions
- The open interest in Infosys has been gradually declining in the last couple of weeks as the stock surpassed its major resistance of ₹ 840 in July post its quarterly results. Since then, short covering has propelled the stock towards ₹ 975. The stock started the September series with almost six month's low open interest. We believe it will attract fresh long additions from here onwards and is well placed to move above ₹ 1000
- In the options space, the stock had the highest Put OI base at the 900 strike in the August as well September series. Despite continued strength in the rupee, the stock was able to hold these levels amid profit booking and has started moving up. While the major Call OI base is placed at ₹ 1000, we believe current levels provide a good entry opportunity from a risk-reward perspective
- The rupee has seen strengthening on the back of a weakening dollar and has breached its major support level of 74.50. In the recent move, it has even moved below 73 levels while a round of upsides cannot be ruled out after continued weakness seen in the dollar for the last five months. Moreover, technology stocks have shown significant resilience to the appreciating currency. Any rebound will help the space to move out of the range
- Infosys has also shown a tendency of finding directional trends after breaching its long term mean levels in either direction. It has even surpassed its mean+2\*sigma levels post the recent results. We believe these levels should act as major support. In such a scenario, the stock remains a buying opportunity till it sustains above ₹ 860 levels

**Note:** Call has been initiated on iClick2Gain on September 03, 2020

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*Source: Bloomberg, ICICI Direct Research*

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