

December 28, 2020

Quant Pick – Dabur India

Quant Pick					
Stock	Action	Initiation Range	Target	Stop loss	Time Frame
Dabur India	Buy	510-520	605	468	3 Months

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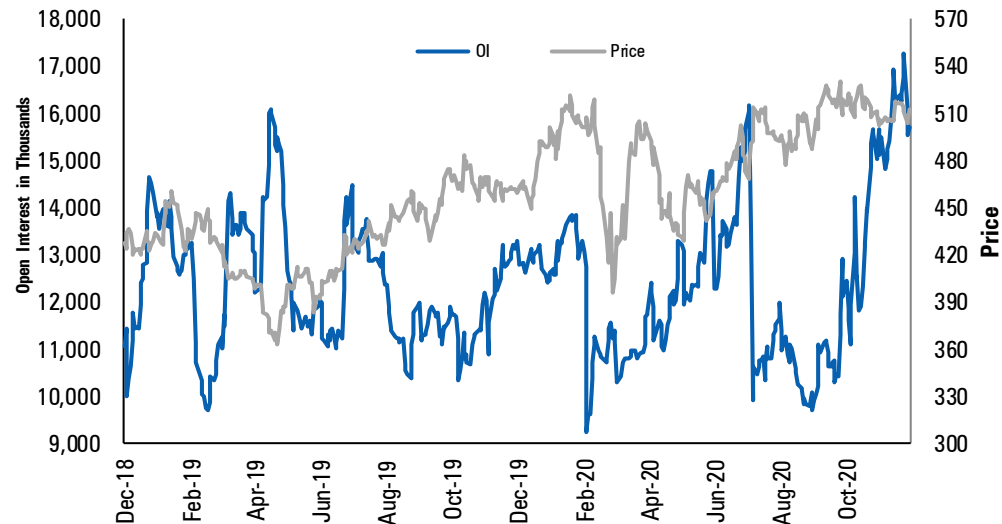
Buy Dabur in range of ₹ 510-520, Target: ₹ 605;
Stop Loss: ₹ 468; Time frame: Three months

Snapshot

Spot Price	520.00
Beta	0.71
12M Avg Price (₹)	491.0
3M Avg Roll (%)	97.0%
HV 30 Day (% Annualised)	37.00

Price vs. open interest pattern

Long positions formed in recent consolidation



Source: NSE, Seediff, ICICI Direct Research

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- Amid current bullish sentiments, FMCG stocks have seen relative underperformance but absorbed any selling pressure. Dabur India is among those few stocks that are trading near lifetime highs outperforming peers from the FMCG pack. We believe stocks like Dabur India will outperform the index in the short-term and witness buying interest
- On the F&O front, the current open interest in the stock is significantly high and is at a two-year high. OI in the stock has increased more than 60% since the July series. We believe this accumulation was formed in August until November month. Despite weakness being seen in the stock during November and December, it did not prompt any major short additions. With the stock surpassing its major resistance levels of ₹ 520, we expect fresh longs to be seen in the stock
- Dabur India has made a lifetime high near ₹ 530 in August 2020. Since then, it has been largely range bound hovering around ₹ 520. It failed to sustain above ₹ 530 despite many attempts in the past. However, recently, the stock has taken support of lower band level of ₹ 490 and is now witnessing fresh buying momentum. We believe upsides may continue in the stock and it may surpass its August highs in coming weeks
- In the options space, the major Call option base for the stock was at the 520 strike where positions started unwinding. We expect the current trend of short covering in options to continue in the stock if it sustains at current levels
- The stock witnessed noteworthy delivery volume activity in November 2019 near ₹ 470. It was able to hold these levels despite broader market volatility. Recently, in July and November, fresh delivery based buying was seen around ₹ 480-500. We expect the stock to continue its positive bias till it holds ₹ 470
- **Note:** Call has been initiated on iClick2Gain on December 28, 2020

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Source: Bloomberg, ICICI Direct Research

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