

Bharat Fin Bull Call Ratio Spread

Strategy Rationale:

Bharat Financial has been trading in narrow band of 900-970 for last 2 months and in this duration made multiple attempts to break this range on higher side. However, Bharatfin failed to sustain above 970 and every time saw profit booking that dragged the stock below. In Tuesday's trade, finally stock broke the range on higher side and added fresh longs in Future segment. Our short-term view on counter remains bullish and expect it to test 1020-1030 in short term. Keeping this in mind, we recommend initiating Bull Call Ratio Strategy in Bharatfin at current levels.

Strategy Details

The strategy consists of buying 1 lot of BHARATFIN March 980 Call option at Rs.23.50 and selling 2 lots of March 1020 Call at Rs. 9.50. The premium outflow in this strategy would be Rs. 2,250.

Profit and Loss Matrix:

Maximum Loss will be Rs.2,250 if stock closes below 980 and maximum profit Rs. 17,750 if stock closes around 1020 at the time of expiry. However, one needs to hedge the strategy by buying 1 lot of BHARATFIN future if prices breaches 1055 on higher side.

Leveraging Cost

The SPAN margin of complete strategy is 70,700 at the time of initiation and may vary depending upon the volatility in the market.

Strategy:

Buy 1 lot of BHARATFIN March 980 Call at 23.50
 Sell 2 lots of BHARATFIN March 1020 Call at 9.50



Team

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