

## INFY Bull Call Spread

### Strategy Rationale:

After posting a fresh all-time high of around 1233 during the early part of June 2016; Infosys took sharp turn and corrected towards 900 levels. The level of 900 coincided with the multiple support zone; first, the previous weekly swing high of early March 2014 has reversed its role post breakout and acted as a strong support. The stock respected this support level multiple times in past. Second, the 61.8% retracement of its entire move from the bottom of 672 to the top of 1233 precisely comes near 900. In last few trading session's stock has seen a strong move and gave a breakout from its consolidation in today's session. From current levels we expect stock to test 1070-1080 levels in short term and therefore recommends to initiate Bull Call Spread strategy in the stock.

### Strategy Details:

The strategy consists of buying 1 lot of INFY August 1020 Call option at Rs.24.80 and selling 2 lots of August 1080 Call at Rs.7.40. The premium outflow in this strategy would be Rs. 10.

### Profit and Loss Matrix:

Maximum Loss will be Rs.5000 if stock closes below 1020 and maximum profit Rs. 25,000 if stock closes at or around 1080 at the time of expiry. However, one need to hedge their position by buying 1 lot in futures if stock goes above 1130 levels.

### Leveraging Cost:

The SPAN margin of complete strategy is 71,100 at the time of initiation and may vary depending upon the volatility in the market.

### Strategy:

Buy 1 lot of INFY August 1020 Call at 24.80

Sell 2 lot of INFY August 1080 Call at 7.40



## Team

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