

**F&O Strategy****GAIL (India):
Bull call spread****KS Badri Narayanan**

The stock of GAIL (India) (₹221.83) finds an immediate support at ₹209. A major support is at ₹166. The short and long-term outlook appears bright. If the current trend sustains, the stock has the potential to reach ₹261 and for that it should not break ₹194. We expect the momentum to continue for GAIL (India).

F&O pointers: GAIL (India) June futures closed at ₹222.30 against the spot price of ₹221.83. The contract has been moving in the ₹190-230 range in the last one month. Interestingly, open interests dropped whenever the stock rose sharply, signalling profit taking.



Currently, open interest for June contracts stands at 12.61 crore shares against 13.23 crore shares on May 30. Option trading indicates that the stock could move in the ₹200-240 range in the short term.

Strategy: Consider a bull call spread on GAIL (India) by selling 230-strike call and simultaneously buying 225-strike call. These options closed with a premium of ₹3.35 and ₹5.10 respectively. As the market lot is 4,575 shares, this strategy would cost ₹8,006.25, which will be the maximum loss.

On the other hand, a profit of ₹14,868.75 is possible if GAIL (India) moves past ₹230. Exit the position at a profit of ₹12,500 or at a loss of ₹4,500. Waiting till expiry week may give desired results.

Follow-up: The bull call strategy on Wipro might be in loss currently. But hold the position one more week and can be reviewed later.

Note: The recommendations are based on technical analysis and F&O positions. There is a risk of loss in trading.