



Possible break out from a consolidation phase, valuations attractive.

ICICI Bank Ltd has rallied quite a lot during the past 9 months with the stock moving to new lifetime highs. Following this rally there has been a period of consolidation with the stock trading in a range between ₹330 on the downside and ₹367 on the upside. If we look at the chart attached below we can see the consolidation with a formation of a triangle pattern. Yesterday ICICI bank has given the first signal of break out with the stock moving up from the level making a high of ₹370. The break out is not confirmed yet as there has to be a 3% move up from those levels and it also needs to close above the ₹367.50 levels which has not happened yet. However we believe ICICI Bank looks attractively valued compared to most of the other private sector banks which would mean there would be many FII's and domestic large investors who would look at ICICI as an investment avenue. Based on this we are positive on the long term for ICICI bank and we believe a break above this level would be the first sign of the next leg of the rally. In view of this we believe we could go long the stock from a short term point of view as well with a target price of ₹410 implying a 10% move from the current levels. We should keep a stop loss around ₹359 levels in case we see a correction in the markets since it is trading at life time highs as well. However we believe if not now in the next couple months ICICI bank will be trading at higher levels and hence recommends a BUY.

Daily Chart



Valuation Comparison

These are the simple 12 month trailing valuations which show ICICI is trading at a P/BV much lower than the private sector banks. To this we have not added the value of ICICI's investments in its allied business which are insurance both general and life and the mutual fund business.

12 month trailing valuation	P/BV	P/EPS
ICICI Bank	2.5	21.5
Yes Bank	4.1	18.2
Axis Bank	3.4	20.8
HDFC Bank	5.6	28.6
Indus Ind Bank	5.2	31.7

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