

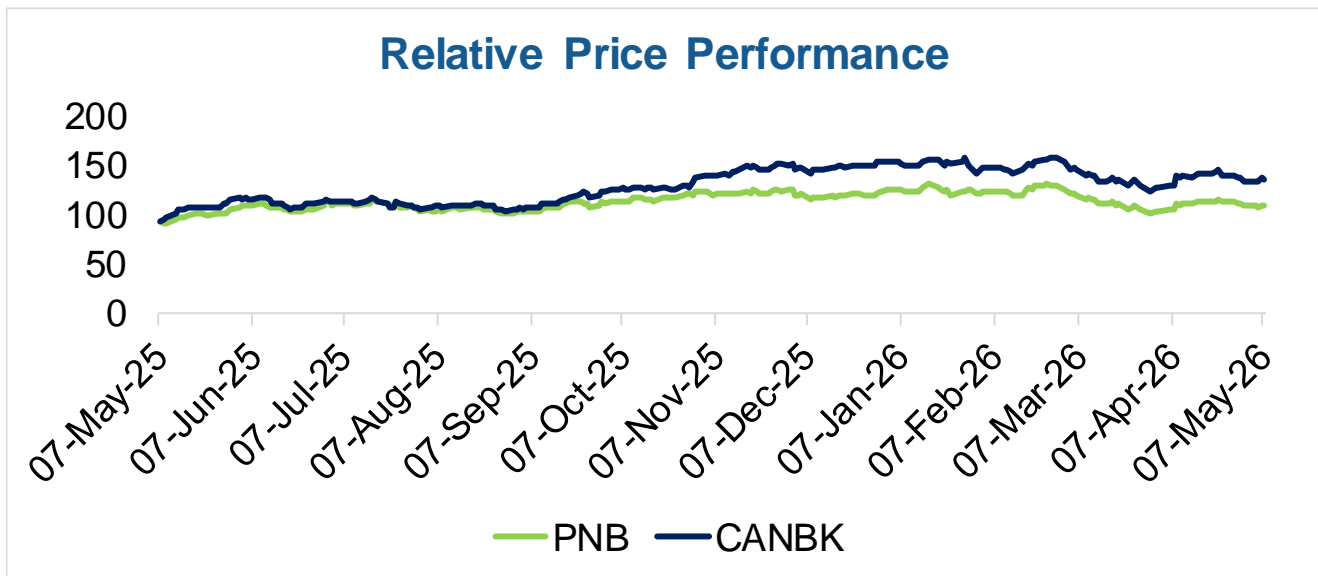
PAIR TRADE : LONG PNB , SHORT CANBK

Trade Initiation Date	Action (Buy/Sell)	Scrip Name	Lot Size	Segment	No. of Lots	Initiation Price	Initiation Spread	Target Spread	Stop-loss Spread	Trade Expiry Date
8th May 2026	Buy	PNB	8000	Futures	1	109.7	26.94	22.90	30.10	26th May 2026
			410 Shares	Cash	-	109.11				
	Sell	CANBK	6750	Futures	1	136.64				

Pair Trading Strategy

Pairs trading is a market-neutral strategy that involves selecting two stocks from similar industries with a strong historical correlation in their price movements. The strategy focuses on the price difference, or “spread,” between the two stocks. When the spread widens beyond its normal level, it is expected to be temporary, and that the prices will eventually return to their usual relationship. This creates a trading opportunity where traders profit from the narrowing of the spread.

Relative Price Chart Analysis

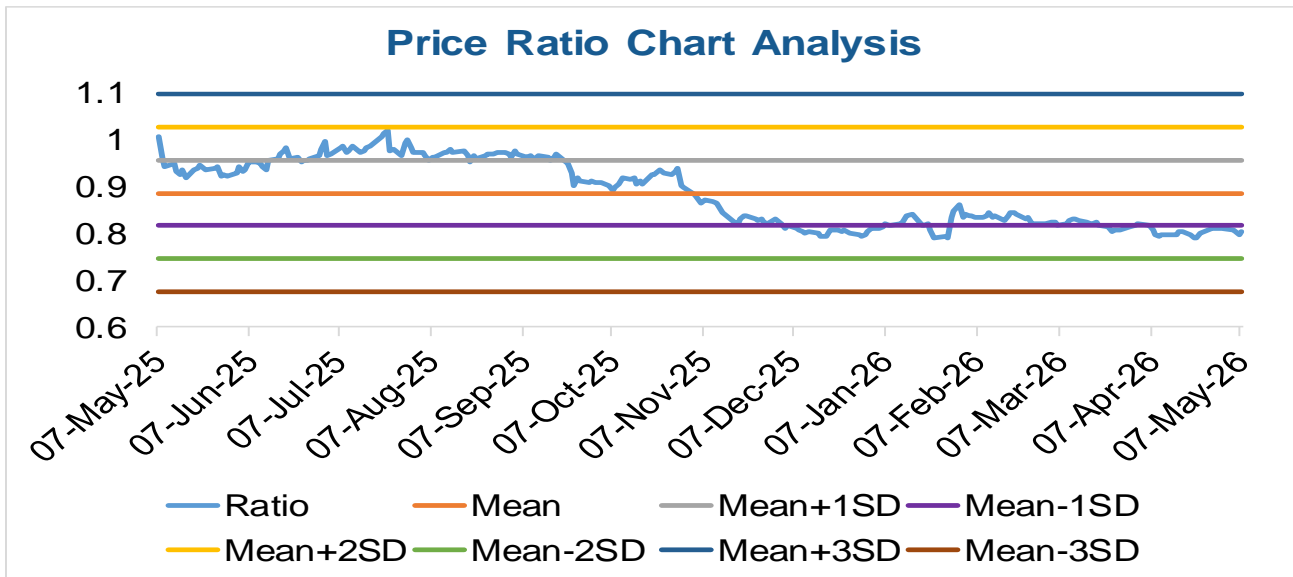


Pair Trade Analysis: Punjab National Bank Vs Canara Bank

The trade involving the two stocks is then initiated when the pair deviates from the mean by more than 2 standard deviations. This is identified with the help of the z-score, which signals whether to long or short the pair. The 1-year correlation between this pair is 89%. Given the long history of a strong correlation between these two stocks, it is anticipated that the pair will return to its mean after this temporary divergence.

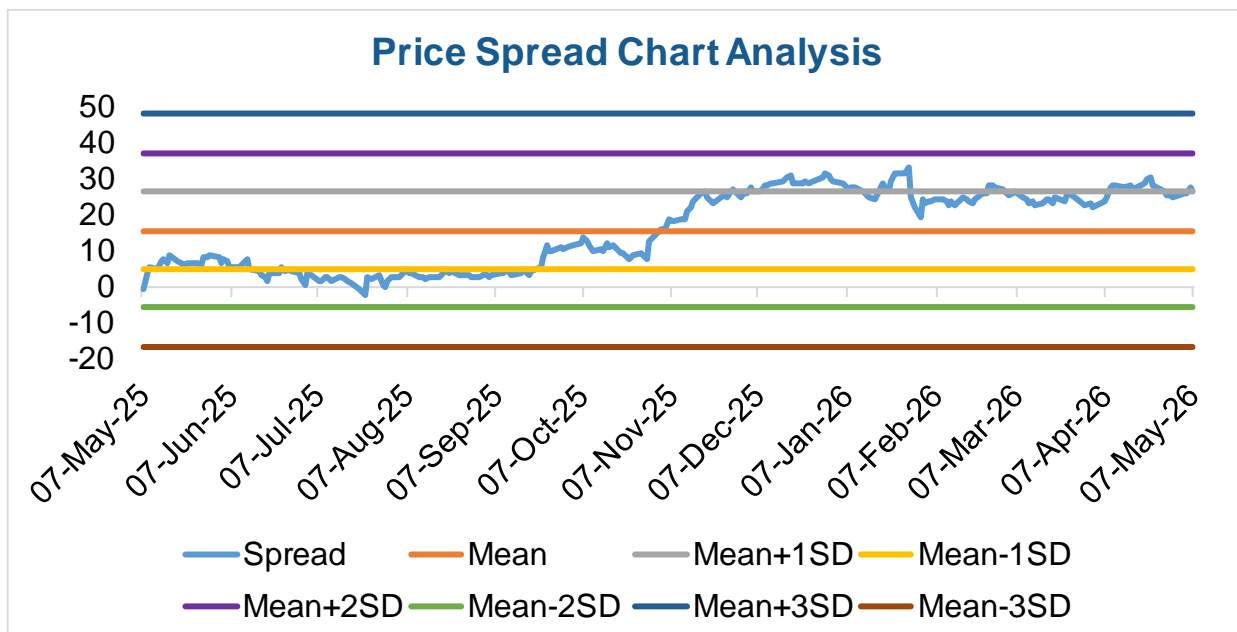
Thus, the first step to commence this pair trading strategy is to buy 1 lot of PNB and sell 1 lot of CANBK at a price ratio of 0.80 and a current z-score of -2.03. Further, a neutral investment position is maintained by buying 410 shares of PNB in the cash segment of the market.

Price Ratio Chart Analysis:



The picture shows the price ratio of the two stocks for a period of one year. The one-year mean of the ratio is around 0.89, while the pair’s current ratio is 0.80.

Price Spread Chart Analysis:



The above image depicts the 1-year spread between PNB and CANBK.

The highest spread achieved by this pair in the past 1 month is 30.56 while the smallest spread is 24.93. On the basis of such historic performance, this pair’s initiation spread is decided at 26.94, along with a target and stop-loss spread computed at 24.51 and 31 respectively. Additionally, we expect to PNB to outperform CANBK.

Friday, 08 May 2026

StockHolding Services Limited

(Formerly known as SHCIL Services Limited)

CIN NO: U65990MH1995GOI085602 SEBI - RA: INH000001121

Plot No. P-51, T.T.C. Industrial Area, MIDC Mahape, Navi Mumbai – 400 710

Call to us: 91-080-69850100

E_Mail: customerdesk@stockholdingservices.com

www.stockholdingservices.com

Disclaimer

The research recommendations and information are solely for the personal information of the authorized recipient and does not construe to be an offer document or any investment, legal or taxation advice or solicitation of any action based upon it.

The research services ("Report") provided is for the personal information of the authorized recipient(s) and is not for public distribution. The report is based on the facts, figures and information that are considered true, correct and reliable. The report is provided for information of clients only and does not construe to be an investment advice. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as a confirmation of any transaction. Each recipient of this report should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this report and should consult its own advisors to determine the merits and risks of such an investment. StockHolding Services Limited (formerly known as SHCIL Services Limited)-(SSL) and its associate companies, their directors and their employees shall not be in any way responsible for any loss or damage that may arise to any recipient from any inadvertent error in the information contained in this report or any action taken on the basis of this information.

Disclosure

StockHolding Services Limited (formerly known as SHCIL Services Limited) -(SSL) is a SEBI Registered Research Analyst having registration no.: INH000001121. SSL is a SEBI Registered Corporate Stock broker having SEBI Single Registration No.: INZ000199936 and is a member of Bombay Stock Exchange (BSE)- Cash Segment and Derivatives Segment, National Stock Exchange (NSE)-Cash, derivatives and Currency Derivatives Segments and Multi Commodity Exchange of India (MCX) – Commodity Derivative. SSL has registered with SEBI to act as Portfolio Manager under the SEBI (Portfolio Managers) Regulations, 2020, bearing registration no. INP000007304 and also obtained registration as Depository Participant (DP) with CDSL and NSDL, SEBI Registration No.: IN-DP-471-2020. SSL is a wholly owned subsidiary of Stock Holding Corporation of India Limited (StockHolding). StockHolding is primarily engaged in the business of providing custodial services, designated depository participant (DDP) post trading services, Depository Participant Services, Professional Clearing Services, Authorized Person services in association with SSL. Neither SSL nor its Research Analysts have been engaged in market making activity for the companies mentioned in the report /recommendation. SSL or their Research Analysts have not managed or co-managed public offering of securities for the subject company(ies) in the past twelve months.

Registrations granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

The Analysts engaged in preparation of this Report or his/her relative or SSL's associates: - (a) do not have any financial interests in the subject company mentioned in this Report; (b) do not own 1% or more of the equity securities of the subject company mentioned in the report as of the last day of the month preceding the publication of the research report; (c) do not have any material conflict of interest at the time of publication of the Report.

The Analysts engaged in preparation of this Report or his/her relatives or SSL's associates: - (a) have not received any compensation from the subject company in the past twelve months; (b) have not managed or co-managed public offering of securities for the subject company in the past twelve months; (c) have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months;

(d) have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (e) has not received any compensation or other benefits from the subject company or third party in connection with the Report; (f) has not served as an officer, director or employee of the subject company; (g) is not engaged in market making activity for the subject company.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

"The securities quoted are for illustration only and are not recommendatory".

The investor is requested to take into consideration all the risk factors before actually trading in equity and derivative contracts. For grievances write to grievances@stockholdingservices.com. In case you require any clarification or have any query/concern, kindly write to us at ssl.research@stockholdingservices.com.

S. Devarajan

MBA (Finance & Foreign Trade), Ph.D. (Financial Management)
Head of Research & Quant Strategist

Sourabh Mishra

MMS (Finance)
Research Analyst

Mahesh R. Chavan

MSC (Finance)
Research Analyst

Mahima Satish

BSC (Finance)
Research Associate

Kuldeep Malviya

MBA (Finance)
Research Analyst