

MOST Market Outlook

2nd, June 2016



Nifty Outlook

Nifty Fut.	Reco.	SELL BELOW	SL	TGT
8194	BUY	8155	8195	8080

'Harami Cross' coupled with the RSI placement augurs well for exhaustion of the ongoing momentum. The pattern will be void on a close above 8230. While a breach below 8110 will accelerate the decline. Until then expect narrow ranged activity within 8230-8110.

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
67.77	67.60	67.40	67.95	68.15

The pair is likely to trade sideways with positive bias as long as 67.60 is held as support.

Sectoral Outlook

Sector	Outlook
FMCG	Positive
MIDCAP	Positive

Outlook

✓ Indian markets continued to be range bound and look at global cues for direction. GDP data, better than expected results and a likely normal monsoon has buoyed sentiment in the market. FIIs were net buyers while DIIs were net sellers. Banking stocks saw some correction yesterday. June will see a lot of events which the market could focus on. In the near term it is the OPEC meet, ECB while Fed meet and Brexit referendum are other events which the market could focus on towards the end of month. Fed has indicated of a earlier rate hike and the market may have largely factored in the hawkish bias. Nifty is consolidating around the 8200 levels and this could continue in the near term. On the options front, 8000 remains good support level for the index. Sectors like auto, banking, nbfc, capital goods, media have reported good performance and these sectors could continue to do well going ahead.

Trading Idea - Cash & Future

Scrip	Reco	CMP	SL	Target
MONSANTO IND	BUY	2372	2220	2600
EMAMI LTD	BUY	1033	980	1140

Trading Idea - Derivatives

STRATEGY - TCS Call Ratio spread				
Instrument	B/S	Lot	Reco	CMP
June 2650 CE	Buy	1	41	41
June 2750 CE	Sell	2	15	15

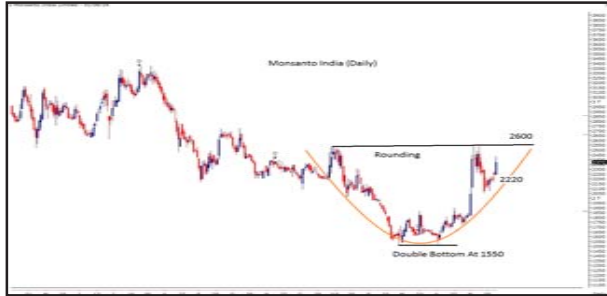
Target Profit : 8000 Stop Loss : 2000

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Trading Calls

MONSANTO IND. CMP INR 2372
Buy Target INR 2600



- ✓ 'Double Bottom' at 1550 confirmed the long term bottom. A breach above 2600 would activate the 'Rounding Formation' which would unfold further extension of the bullish trend
- ✓ The recent momentum is well supported with volumes & hence could be participated with a stop below 2220 for an initial target upto 2600

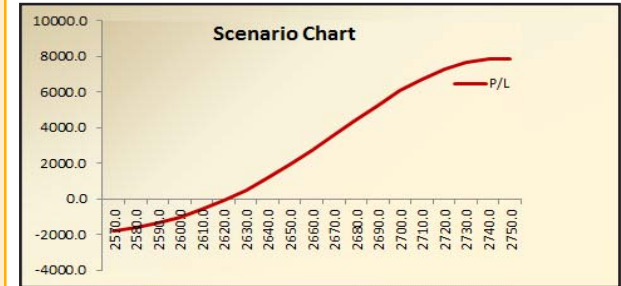
EMAMI LTD CMP INR 1033
Buy Target INR 1140



- ✓ 'Emami Ltd. saw a breakout from the 'Rounding formation' with significant volumes. The occurrence of the 'Bullish Harami' on the daily scale marks the termination of the pullback move
- ✓ We expect Emami to resume its upmove & hence the stock could be bought with a stop below 980 for an immediate target upto 1140

Derivatives Idea

TCS Buy 1 Lot 2650 CE
Call Ratio spread Sell 2 Lots 2750 CE



- Target Profit : 8000 Stop Loss : 2000**
- ✓ TCS is in long- long unwinding cycle. IT sector witnessed accumulation in last month and positive roll-over too
 - ✓ Unwinding in 2600 CE could augur fresh momentum on higher side. Considering long expiry and positive outlook, Call Butterfly spread is recommended

FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	260	260	-44742
DII	-160	-160	62636

FII F&O

Institution	Net B/S	OI
Index Future	-287	Short
Index Options	350	Put Long
Stock Futures	561	Long

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GOVT ANNOUNCES STEEPEST PRICE (MSP) HIKES; "RURAL PLAYS" EN VOGUE

- ✓ Govt. announced MSPs for kharif crops of 2016-17 season
- ✓ Barring Ragi, MSPs for all crops has increased faster than in the past two years
- ✓ Pulses MSPs grwt at 8.3%, up from 6% in FY16 and 1.5% in FY15; soyabean, paddy, groundnut (~5%)
- ✓ Positive for companies like Emami, Marico, Jyothy, Asian Paints
- ✓ Auto companies like Hero, TVS, Maruti, M&M

Crompton Greaves Consumer Electricals: Management meet

- ✓ Core segments of Fans and Pumps where it has market leadership while the Lighting and Appliances segments will record a disproportionate growth over the next few years
- ✓ Increased spend on ad; Increase touch points [currently at 1 lakh touch points]; Maintain 50% outsourcing model; introduce premium products
- ✓ Fans market: moving towards 5 star rated fans, CGCEL fans 50% less power; premium fans seg 35% growth YoY
- ✓ Pumps: 25% market leader in resi pump market; aims to increase share in agriculture pumps
- ✓ Excess cash to be paid out as dividend

Auto Vols

- ✓ Maruti: Exports decline -21%; UV drives domestic vols
- ✓ M&M: Tractors continue +ve momentum; 3W muted; UV +10% growth on new model launches
- ✓ Tata Motors: UV, PV decline a big drag
- ✓ Ashok Leyland: Moderate MHCV growth at 8.4%

Cos	Actual	Estimate	Variance
Maruti	7%	13%	-6
M&M	14%	21%	-7
TAMO	1.5%	11%	-9
Ash Ley	6%	20%	-14
VECV	44%	36%	8
Hero	2%	3%	-1
TVS	11%	8%	+3
RE	38%	48%	-10

Currency Ideas

USDINR



- ✓ USDINR (June contract) traded sideways with positive bias in the previous session closing at 67.77
- ✓ Immediate support for the pair is at 67.60 - 67.40 zone and bias looks sideways to positive as long as price holds above the same
- ✓ Price sustained break above immediate resistance of 67.90 will confirm further positive move towards 68.15 - 68.25 levels
- ✓ Dip buying is advised for the session

EURINR



- ✓ EURINR continued its short-covering move closing the preceding session with a positive note at 75.73
- ✓ The current upside move is likely to extend in the current session with a test of trendline resistance 'S' near 75.80 - 75.90 area looking possible
- ✓ Strong short-term support is at 74.80
- ✓ Buying on dips near 75.20 - 75.00 area is thus advised for the short-term

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