

MOST Market Outlook

6th March 2017

Nifty Chart



Trading Idea - Cash & Future

Scrip	Reco	MBP	SL	Target
HEROMOTOCO	BUY	3250	3190	3440

Corporate Action:

NA

Security in Ban period:

JINDALSTEL, JPASSOCIAT

Nifty Outlook

Nifty Fut.	R1	R2	S1	S2
8922	8982	9000	8850	8820

'Nifty index opened on a negative note but managed to hold 8860 and bounced back towards 8900. It formed a Bullish Hammer on daily chart and hovering near to its major trend line. Now it has to sustain above 8920 to witness an up move towards 8982-9000 while on the downside multiple supports are seen at 8850 and 8820. Index is stuck in the trading range and momentum is missing both the side to get a decisive market move but as per immediate price behaviour buy on decline strategy may remain intact.

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
67.00	66.85	66.75	67.10	67.20

The pair is likely to trade in a lower range between resistance at 67.10 and intraday support at 66.75 level.

Sectoral Outlook

Sector	Outlook
AUTO	POSITIVE
METAL	POSITIVE

Trading Idea - Derivatives

STRATEGY UPDATE : TATASTEEL Bull Call Spread

Instrument	B/S	Lot	Reco	CMP
30 Mar 520 CE	Buy	1	10.5	6.90
30 Mar 530 CE	Sell	1	7.5	4.65

Target Profit: Rs.9000 SL Rs 4000

Market Drivers

- ✓ Asia is trading mixed after North Korea fires 4 ballistic missiles. China GDP growth came in at lower rate of 6.25 percent. US markets ended flattish. Crude is marginally lower. Indian markets are expected to open marginally higher. Software companies could see weakness as companies could get impacted by slower H1B visa processing. Progress on GST front, expectation of positive UP Assembly election outcome for BJP could keep the market positive. Hindalco saw strong demand for QIP and should see upsides. Overall market looks range bound with positive bias.

Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 30-Mar	9000	5333775	204975
Bank Nifty 30-Mar	21000	533960	28840
Bank Nifty 09-Mar	21000	589400	224440

Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 30-Mar	8800	3990600	-69375
Bank Nifty 30-Mar	20000	648840	6920
Bank Nifty 09-Mar	20000	352880	143160

Trading Calls

HEROMOTOCO

MBP INR 3250

Buy

Target INR 3440



- ✓ It has been holding the gains from last two weeks and respecting to its support trend line
- ✓ Recently it made bottom near to 3050 and now supports are shifting higher which is giving the bullish bias to the stock
- ✓ Thus recommending to buy on a decline with the trading stop loss of 3190 for a potential upside target of 3440

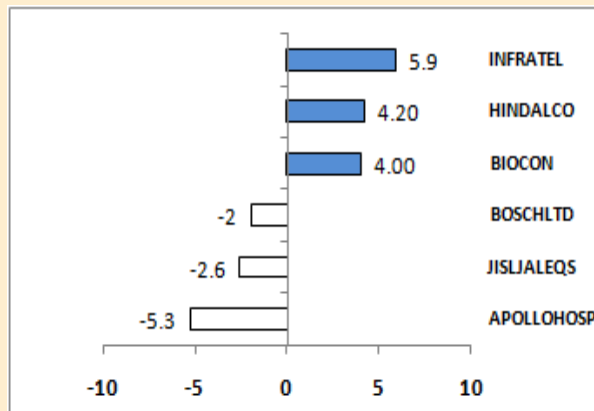
FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	1529	1454	24544
DII	-737	-566	16869

FII F&O

Institution	Net B/S	OI
INDEX FUTURES	-1337.72	Long Unwinding
INDEX OPTIONS	440.23	Put Long
STOCK FUTURES	3.62	Long

Major Price % Change



Derivatives Idea

TATASTEEL

Buy 1 Lot 520 CE

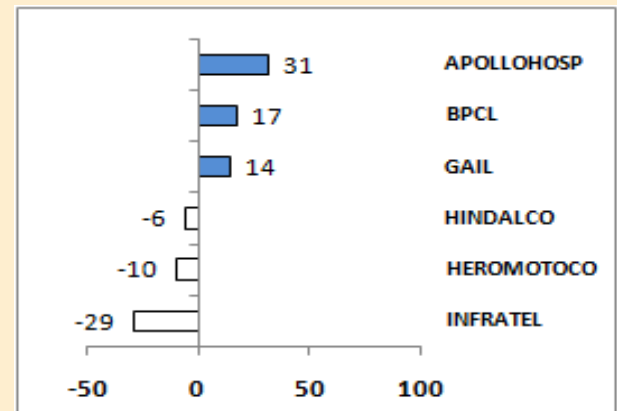
Sell 1 Lot 530 CE

Bull Call Spread



- ✓ Tatasteel have seen traces of short covering in last series and a good rollover too
- ✓ Proximity of stock towards its highest call raises expectation of a breakout
- ✓ Follow through movement above 500 could lead to aggressive unwinding in 500 CE propelling the momentum on higher side
- ✓ Thus trading strategy, OTM Bull Call Spread is recommended

Major OI % Change



Morning Meet Notes

Research Notes

Taxation rates will not be higher; will be sticking to the earlier slabs of 5, 12, 18 and 28%. The council also agreed to cap the levy at 40%

Feedback from largest retail chains from North & West India (55-60% of total pan india AC sales)

LG inverter ACs taking share from 5-star fixed-speed ACs; pricing aggressive, offering 10-year compressor warranty and subsidized installation

- ✓ LG shifted from fixed-speed ACs to inverter ACs; fixed-speed window ACs for sale through small retail shops in tier-2/3 cities, but not through large retail chains.
- ✓ LG's pricing for inverter ACs is aggressive competing against the fixed speed ones; 1.5-ton 3-star inverter ACs INR7k-8k/unit cheaper than peers in the same models
- ✓ LG is also offering (a) 10yr warranty on compressor, (b) 5-year warranty on condenser, (c) 1-year warranty on inverter chip, (d) subsidized installation at INR499 versus the standard INR1,500, and (e) two free gas charges in the next five years.
- ✓ Sales of 5-star 1.5-ton fixed ACs (20% of industry vols) to shift to inverter ACs, given that LG's 3-star inverter ACs are priced lower and yet offer superior cooling and lower power consumption

Inverter ACs account for 20-25% of sales in February; strong sales seen in Mumbai, driven by warm weather

- ✓ LG accounted for 50% of inverter AC sales at the retail chain's outlets, with Whirlpool and Panasonic accounting for the balance. Blue Star and Voltas are yet to announce revised inverter AC prices for CY17

With LG's exit from fixed-speed ACs, Voltas to gain share in 3-star range

- ✓ Fixed-speed ACs are still ~10% cheaper than inverter ACs. Inverter ACs to do well in the metros; in smaller towns, power fluctuations can affect the inverter chip (exp)

Music Broadcast Limited IPO (INR 324-333 per share)

- ✓ One of oldest private radio FM player, under brand Radio City; Jagran Prakashan parent group acquired MBL from PE player IVF in 2015
- ✓ 49.60 million listeners in 23 cities , 39 frequencies currently (37 operational) including eight stations acquired from Radio Mantra and 11 acquired via Phase III auctions
- ✓ Successfully migrated all its Phase II Radio City Stations to the Phase III Policy and now enjoys an extended license period of 15 years
- ✓ Premium player as compared to peers in this space, listed peer is ENIL
- ✓ Available at 35x pre issue FY16 EPS; 44.7x post issue FY16 earnings; ENIL is available at ~60x TTM

Y/E March	FY12	FY13	FY14	FY15	FY16	H1FY17
Revenue	122	138	154	201	232	137
Growth		13%	12%	30%	16%	
EBITDA	26	34	42	62	79	46
EBITDA Margin	21%	25%	27%	31%	34%	33%
Adj.PAT	-2	12	24	47	43	30
EPS	-0.5	2.6	5.4	10.4	9.4	
ROE	8%	-85%	229%	82%	40%	
ROCE	5%	16%	26%	16%	21%	

Currency Ideas

USDINR



- ✓ NSE USDINR continued to trade in a lower range last week, closing flat near 67 levels for the period.
- ✓ The pair, however, failed to breach immediate resistance near 67.20 levels.
- ✓ The short-term bias remains bearish as long as the pair holds below this resistance and selling on rallies is still advised.
- ✓ Immediate support is seen at 66.75 while 66.50 is a major support.
- ✓ Higher resistance is at 67.40-67.50 zone.

GBPINR



- ✓ NSE GBPINR fell sharply last week, closing near 82 level, down by about 1.45% for the period.
- ✓ The pair has now broken support near 82.50-82.60 area and the same is now likely to act as an immediate resistance zone.
- ✓ Selling on rallies is thus advised.
- ✓ Gradual test of October 2016 low near 81.30 levels looks possible.

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