

## Nifty Chart



## Nifty Outlook

Nifty Fut.	Reco.	CMP	SL	TGT
8555	BUY	8555	8520	8680

Nifty is yet to witness any exhaustion of the ongoing bullish trend. The sequence of higher highs is expected to continue as the trend strength indicator (RSI) has no traces of any divergence despite being in the overbought zone. Hence the odds remains in favor of the bulls & the ongoing momentum could halt only on a breach below 8420 on a closing basis.

## Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
67.16	67.05	66.90	67.35	67.50

The pair is likely to trade sideways-to-higher above 67.05 and test of resistance at 67.35 level looks possible.

## Sectoral Outlook

Sector	Outlook
INFRA	Positive
AUTO	Positive

## Market Drivers

- ✓ Headline indices of our markets saw mild correction in Friday's session on account of poor Infosys results and lowering of its guidance. CNXIT corrected (-3.96%) was the main culprit in Nifty's (-0.28%) correction. However, stock specific buying traction was observed across the board barring Realty and PSU Bank stocks which came under some profit taking pressure. US stocks will gear up for an earnings heavy week. With more than 90 of the biggest U.S. companies reporting results this week, investors will get a clearer picture of what is expected to be the fourth straight quarter of declining profits for the group. We expect our markets to be volatile this week and focus will remain on Monsoon session of parliament and Q1FY17 earnings update.

## Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 28-July	8700	5007450	282150
Bank Nifty 14-July	19000	174000	128040
Bank Nifty 28-July	19000	402280	-10600

## Trading Idea - Cash & Future

Scrip	Reco	CMP	SL	Target
LT	BUY	1586	1530	1710

## Trading Idea - Derivatives

### STRATEGY - Nifty Call Ratio Spread

Instrument	B/S	Lot	Reco	CMP
28 July 8600 CE	Buy	1	68	68
28 July 8800 CE	Sell	2	15	15

Target Profit :12150 Stop Loss: 2850 (Hedge above: 8950)

## Highest Put OI

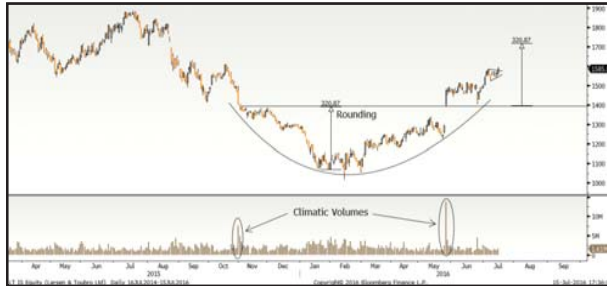
Instrument	Strike	OI	Chg in OI
Nifty 28-July	8400	5455425	321750
Bank Nifty 14-July	18000	236520	205760
Bank Nifty 28-July	18000	519200	13240

# MOST Market Outlook

18th, July 2016

## Trading Calls

**LT**                      **CMP**      **INR 1586**  
**Buy**                      **Target**      **INR 1710**



- ✓ Positive sector outlook & mature 'Pennant' formation augurs well for the ongoing bullish momentum to remain intact
- ✓ A decisive breach at 1400 confirmed & activated the 'Rounding' formation. The pattern indicates a target upto 1710
- ✓ The ongoing momentum could be participated with a trading stop below 1530

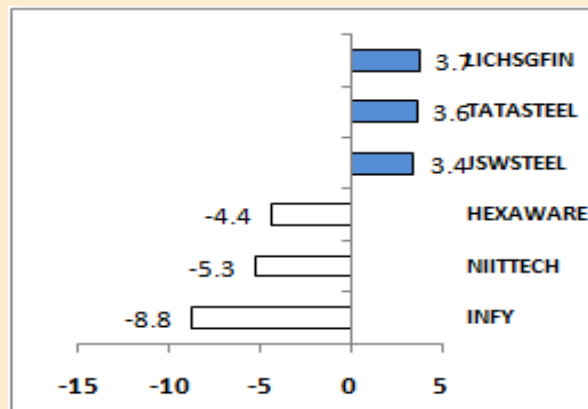
## FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	1461	4182	-28670
DII	-1034	-2890	45707

## FII F&O

Institution	Net B/S	OI
Index Future	723	Long
Index Options	-561	Writing
Stock Futures	-774	Short

## Major Price % Change

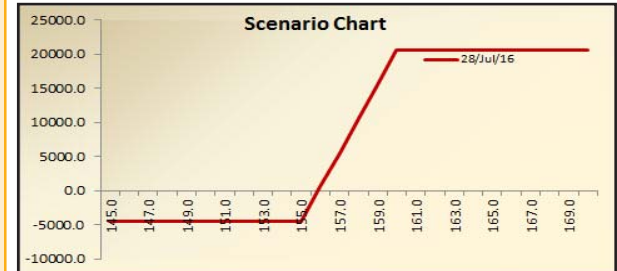


## Derivatives Idea

**Nifty**

**Buy 1 Lot 8600 CE**  
**Sell 2 Lots 8800 CE**

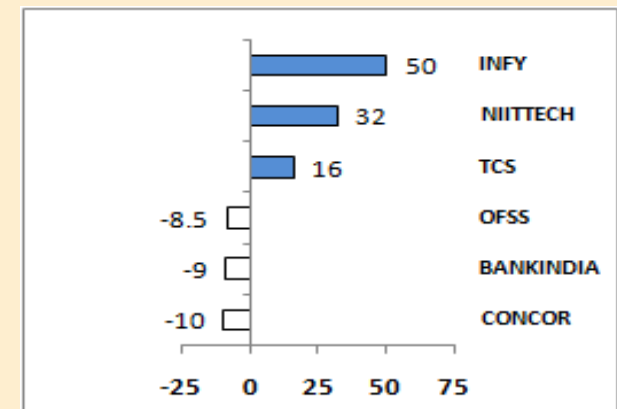
**Call Ratio Spread**



**Target Profit : 12150      Stop Loss : 2850**

- ✓ Nifty is in Long- Long unwinding Cycle
- ✓ Highest Put concentration at 8400 indicates strong support, while unwinding in OTM Calls could provide strength towards 8700
- ✓ Considering stable volatility and to benefit from theta decay, Call Ratio Spread is recommended

## Major OI % Change



## Morning Meet Notes

### Fundamental News Flow

- ✓ Parliament session today: Progress of GST passage important
- ✓ Sowing picks up with growth across crops except COTTON (-20%). Total Sowing Ex Cotton up 6%. Monsoon Surplus at 2% for the season. Gujarat, Odisha, North East facing drought like conditions

### Research Notes

#### Result Update

	Sales	% Y/Y	EBITDA	% Y/Y	PAT	% Y/Y	Rationale	Comments
Infosys	167.8	16.9	44.5	18.3	34.4	13.4	BUY/1320/B	<ol style="list-style-type: none"> <li>1. CCrev: 1.7% vs est of 3.7% slowdown in spending CSI</li> <li>2. FY17 revenue growth guidance to 10.5-12% in CC, from 11.5-13.5%</li> <li>3. Impact of brexit to start showing in next Qtrs (BFSI space)</li> <li>4. USD revenue estimates for FY17/18 by 2.4%/3.2% and earnings estimates by 5.5%/4.3%, value at 18x FY18E Eps</li> </ol>
DCB	1.8	26.1	0.9	3.4	0.5	0.3	BUY/117/I	<ol style="list-style-type: none"> <li>1. Margin exp (all-time high quarterly NIM of 4.05%) &amp; strong loan growth of 28% YoY (+3% QoQ). Fee income grew ~27% YoY</li> <li>2. abs gross NPA up 17% QoQ, led by increased slippages in mortgages</li> <li>3. near term at ~1% RoA and 12-13% RoE, value at 1.5x FY18 BV</li> </ol>
Reliance	535.1	-18.7	108.2	16.2	75.5	19.5	Neutral/1129/A	<ol style="list-style-type: none"> <li>1. Refining Seg: High GRM at USD11.5/bbl (11% YoY); led by inventory gains</li> <li>2. Petchem EBIT margin in 1QFY17 is at 14.9% v/s 12.6% in 1QFY16</li> <li>3. Jio: capex &gt; 1.5tn, user base &gt;1.5m, commercial launch soon, core projects largely on track</li> <li>4. E&amp;P asset value by INR396b (50% each in domestic and shale)</li> <li>5. change FY17/FY18 EPS by +4%/-2% to factor lower depletion and lower utilization in new core project</li> </ol>
NIIT Tech	6.7	4.4	1.0	-2.0	0.3	-46.5	Neutral/530/B	<ol style="list-style-type: none"> <li>1. CCrev -2.8% vs 1.1% est, weakness in travel vertical, Brexit causing decision delays</li> <li>2. Expect turnaround in 2Q, large deal won in Tier I US airline, margin decline on wage hike &amp; decline in high margin business</li> <li>3. Order book: USD298-307m for 8 quarters, we cut our earnings by 8.8/5.4% for FY17/18E, lowering TP to INR 530</li> </ol>

## Currency Ideas

### USDINR



- ✓ USDINR (July contract) closed lower by about 0.55% near 67.16 last week after it managed to hold on to short-term channel support line near 66.90 level earlier
- ✓ A 'Bullish Engulfing' (bullish reversal pattern-encircled) can be observed which indicates a possible short-term rebound in the pair
- ✓ Buying on dips is thus advised targeting immediate resistance at 67.35 followed by higher resistance at 67.50 level
- ✓ Lower support is at previous low near 66.70 level

### EURINR



- ✓ EURINR (July contract) closed flat last week near 74.81 after it had earlier broken 'Double Top' neckline support at 75-75.20 area
- ✓ Looking ahead, the short-term bias remains negative below this resistance and a test of 73-73.20 area looks possible (expected target) in the medium-term
- ✓ Higher resistances are seen at 75.70-76.60 levels while immediate support is at 73.80 level

# MOST Market Outlook

18th, July 2016

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