

MOST Market Outlook

25th, May 2016



Nifty Outlook

Nifty Fut.	Reco.	MBP	SL	TGT
7759	BUY	7800	7745	7900

'Occurrence of the 'Bullish Harami' reassures the support near 7700. A breach only below 7680 would distort the ongoing bullish trend & hence serves as a trail stop for longs. We expect the gyration to continue within the range of 7700-7950 & only a breach outside the said range would unfold directional momentum. The proximity towards the lower end of the bound provides a good reward to risk opportunity for fresh longs.

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
67.77	67.50	67.20	67.95	68.15

Initial dip towards 67.60 - 67.50 will be a good buying opportunity targeting 68.15.

Sectoral Outlook

Sector	Outlook
HDFC	Positive
AUTO	Positive

Outlook

- ✓ US markets closed smartly up clocking one of its best gains in recent times. Nasdaq closed above its 50 and 200 DMA. Asia is also trading higher. Crude moved higher closer to \$50 levels. Indian markets ended marginally higher. QSR companies got impacted on account of CSE study about carcinogenic effects of certain chemicals like potassium bromate. On the results front Bajaj Finance was marginally below expectations on the NII front but overall growth story continues to be strong. Cipla was a significant disappointment. PSU banks continue to disappoint. Yesterday was Bank of India reporting extremely disturbing numbers. Tech Mahindra indicated bottoming out of telecom vertical which will be viewed positively. Page Industries indicated of better growth in FY17 which will be positive. Nifty has found supports around the 7700 levels. The broad range is seen at 7700-7900 levels. Nifty should also move above 200 DMA helped by global cues. Also Skymet predictions of above normal monsoon at 109 percent of average should also help. Technology and rural plays can be expected to do well.

Trading Idea - Cash & Future

Scrip	Reco	MBP	SL	Target
HDFC	BUY	1174	1155	1230
HEROMOTO	BUY	1040	2840	3030

Trading Idea - Derivatives

STRATEGY - Reliance Long Call

Instrument	B/S	Lot	Reco	CMP
May 940 CE	Buy	1	7.8	7.8

Target Profit : 20

Stop Loss : 2

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Trading Calls

HDFC MBP INR 1174
Buy Target INR 1230



- ✓ 'Positive sector outlook. Occurrence of a 'Bullish Harami' augurs well for the uptrend to remain firm
- ✓ The recent decline provides a good opportunity to add longs
- ✓ HDFC could also be traded with a stop below 1155 for an initial target upto 1230

HEROMOTOCORP MBP INR 1040
Buy Target INR 3030



- ✓ 'Positive sector outlook & rebound from the immediate support
- ✓ Occurrence of a 'Bullish Hammer' re-confirmed the support zone
- ✓ Stock could be accumulated with a stop below 2880 with an expectation of a move back towards 3160

Derivatives Idea

Reliance Buy 1 Lot 940 CE

Long Call



Target Profit : 20 Stop Loss : 2

- ✓ Option indicative band of Reliance suggest 940 as highest Put concentration and 980 as highest Call concentration.
- ✓ Stock is quoting near important support level thus can expect short covering. Considering we are playing momentum, Long Call is recommended

FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	-816	-1985	-51822
DII	990	6201	70822

FII F&O

Institution	Net B/S	OI
Index Future	-373	Short
Index Options	-751	Put writing
Stock Futures	351	Long

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Skymet - Monsoon likely @109% of Normal vs 106% forecast earlier

Centre eyeing INR 25 lakh-cr infra investments by 2019 for 4 crore jobs

- ✓ Could award only INR 2.5 lakh-cr in first 2 years as Govt was clearing roadblocks in stalled projects
- ✓ Targeting INR 5 lakh-cr worth projects in next one year. Targeting to achieve 41kms a day of highways.
- ✓ Play through L&T, Cement

	Sales	% Y/Y	EBITDA	% Y/Y	PAT	% Y/Y	Rationale	Comments
Tech Mah.	68.8	13			9	90	Neutral/550/B	1. Higher O.I drove entire PAT beat; telecom continues to stagnate with single digit Gr guidance; Enterprise Gr in teens 2. EPS CAGR of 10%; Trades at 11x FY18
Colgate	10.9	6.8	2.4	-2.5	1.5	-10.8	Neutral/942/I	1. Toothpaste vol +3% YoY, organic sales +13% YoY 2. Toothpaste share -250bps at 55.7%; Toothbrush at 42.6% [+450bps] 3. Ad spend hits EBITDA margins, -210bps to 22%; 4. competition from Patanjali a big concern 5. Trades at 30x FY18E EPS
Page Ind	4.6	14.7	0.9	19.2	0.57	21.3	Buy/1500/I	1. 7.5% volume growth, Pricing +6.1% 2. women's innerwear +13.8%, leisure wear segment +21.4% 3. Gross margin expanded 180bps YoY to 56% (est. 55.2%). 4. Page has taken ~5% price hikes to pass on 3.5% yarn price hike 5. Valuations at 37.6x FY18E need higher growth to sustain
Amararaja	11.7	10	1.9	8	1.1	7	Below est.	1. Gross Margins are up 210 bps YoY to 37.3% [Est 37.7%] 2. Jump in other expenses drags profits
Cipla	32.7	6	2.2	-57	0.8	-69	Neutral/540/B	1. EBITDA (one offs) - inventory write off, restructuring, R&D exp 2. Rising R&D exp & front end set up costs to restrict growth 3. EPS CAGR of 26%; ROCE of 13%; Trades at 17x FY18

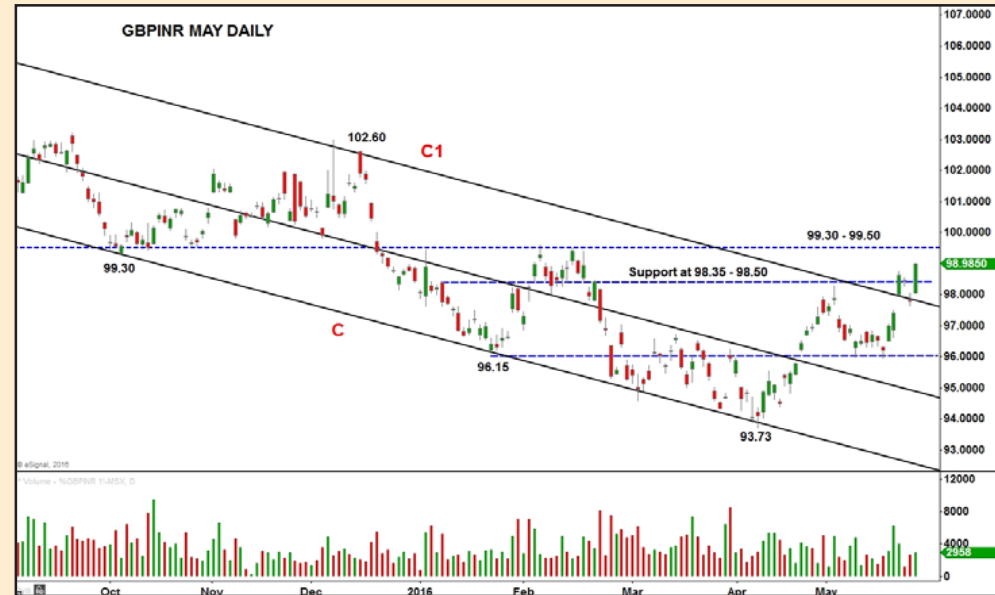
Currency Ideas

USDINR



- ✓ USDINR continued its northwards move, closing the previous session with a positive note at 67.77
- ✓ The decent surge in volumes in the past few session signifies that short-term bias remains positive for the pair
- ✓ Short-term support zone remains at 67.20 - 67.30 immediate resistance at 67.95 level
- ✓ Price break above resistance could lead the rally towards 68.15
- ✓ Dip buying near 67.60 - 67.50 area is advised for the session

GBPINR



- ✓ GBPINR recently breached above the falling channel and has closed the previous session with a positive note at 98.98
- ✓ Now previous resistance 98.35 - 98.50 will act as strong support and short term bias will remain positive as long as price holds above the same
- ✓ Dip buying near 98.80 - 98.70 levels will be advised for the session targeting 99.30 - 99.50 levels

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