

MOST Market Outlook

2nd January 2017

Nifty Chart



Nifty Outlook

Nifty	R1	R2	S1	S2
8187.4	8200	8260	8155	8130

'Final lap for the year proved beneficial for Nifty as it regained its strength & reclaimed 8100. The Occurrence of the 'Bullish Engulfing' formation near the critical support zone confirms the strength in the support & raises expectation of a pullback towards 8300-8450. Any negation of the pattern would prove detrimental & result into a sharp reversal. Hence 7900 remains a critical level for positional longs.

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
68.10	68.00	67.70	68.25	68.40

The pair is likely to trade in a lower range between intraday resistance at 68.25 and support at 68 level.

Sectoral Outlook

Sector	Outlook
IT	POSITIVE
ENERGY	POSITIVE

Market Drivers

- ✓ PM announced sops for farmers, smes, housing in the much awaited statement on Saturday. PSU Banks like SBI and PNB announced cut in lending rates. Overall interest rates were expected to move lower but the cuts seem sharper than expected. Auto numbers for December will be keenly watched as it would give an indication of impact of demonetisation on the sector. Global cues are mixed. Nifty 200 DMA and immediate resistance is placed around the 8250-8260 levels.

Trading Idea - Cash & Future

Scrip	Reco	CMP	SL	Target
CESEC LTD	BUY	638	622	660

Trading Idea - Derivatives

STRATEGY : Hindalo Put butterfly Spread

Instrument	B/S	Lot	Reco	CMP
25 JAN 145 PE	Buy	1	3	2.7
25 JAN 140 PE	Sell	2	1.9	1.7
25 JAN 135 PE	Buy	1	1.2	1.05

Target : Rs8000 SL : Rs1800

Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 25-Jan	8200	4275000	511575
Bank Nifty 25-Jan	18500	502560	135560
Bank Nifty 5-Jan	18500	319600	160480

Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 25-Jan	8000	5762475	1338450
Bank Nifty 25-Jan	18000	501440	236520
Bank Nifty 5-Jan	18000	396520	292840

Trading Calls

CESC

Buy

CMP INR 638

Target INR 660



- ✓ 'Positive sector outlook & Breakout from an 'Inverse Head & Shoulder' formation on the daily scale.
- ✓ Declines if any towards 635 could be utilised to add longs with a trading stop below 622 & target upto 660.

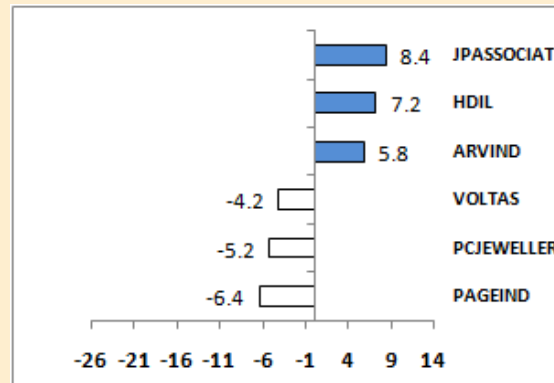
FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	-585.64	-10147.64	-11764.64
DII	958	8312	40866

FII F&O

Institution	Net B/S	OI
Index Future	752.76	Long
Index Options	1510.71	Long Option
Stock Futures	819.91	Long

Major Price % Change



Derivatives Idea

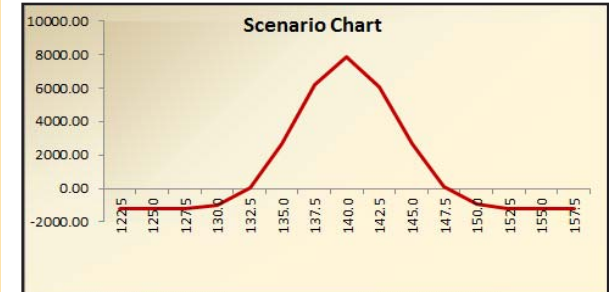
Hindalo

Put butterfly Spread

Buy 1 Lot 145 PE

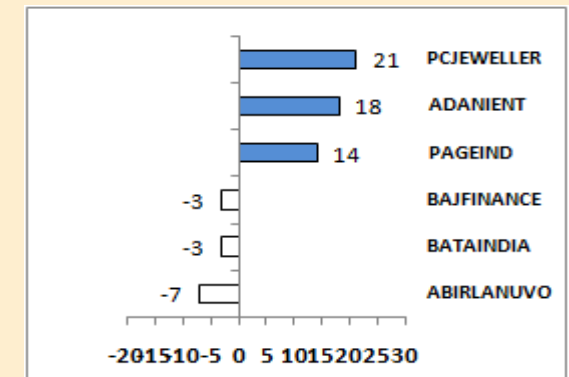
Sell 2 Lots 140 PE

Buy 1 Lot 135 PE



- ✓ Hindalco has witnessed strong roll of 90% to January series. Stock has seen huge long unwinding in open interest in December series
- ✓ Considering proximity to highest Put concentration at 150 strike; any significant unwinding could accelerate downward momentum. Highest Call concentration lies at 160 strike.
- ✓ Thus OTM Put Butterfly Spread is recommended

Major OI % Change



Morning Meet Notes

Research Notes

SBI cuts lending rate by 90 bps

- ✓ Awash with liquidity, SBI has reduced MCLR by 90bps from 8.9% to 8.0%
- ✓ Reduced lending rate by 200bps since Jan 2015, when the RBI started its rate cut cycle
- ✓ Beneficiaries - Leveraged companies (Real estate, Infra, Metals) & NBFCs (HFCs / Vehicle financiers / SME financiers)

Interest subvention to boost low cost housing

- ✓ Interest subvention of 3% and 4% for loans of up to Rs 12 lakh and Rs 9 lakh, respectively is expected to boost low income housing
- ✓ To benefit GRUH & REPCO

Jet Fuel prices hiked by 8.6% - Negative for Airline stocks

Cement Update

- ✓ Cement stocks have corrected by 15-20% since the announcement of demonetization
- ✓ Stocks now trading at par with replacement cost on EV/Ton basis v/s earlier a premium .Current Stock prices discount 8-10% increase in FY18 realizations v/s 1% over FY13-16
- ✓ Moderation in (i) realisation hikes + (ii) volume growth = near term pressure on stocks
- ✓ Prefer cos with visibility of growth & ROE improvement: UTCEM, SHREE, DALMIA, RAMCO

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Dharmesh Kant (Head - Retail Research)
Dharmesh.Kant@motilaloswal.com

Sacchitanand Uttekar (Technical Analyst)
Sacchitanand.Uttekar@motilaloswal.com

Tina Gadodia (Derivatives Analyst)
Tina.Gadodia@motilaloswal.com

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Motilal Oswal Securities Ltd

Motilal Oswal Tower, Level 6, Sayani Road, Prabhadevi, Mumbai 400 025
Phone: (91-22) 30894200 Fax: (91-22) 22885038. E-mail: info@motilaloswal.com