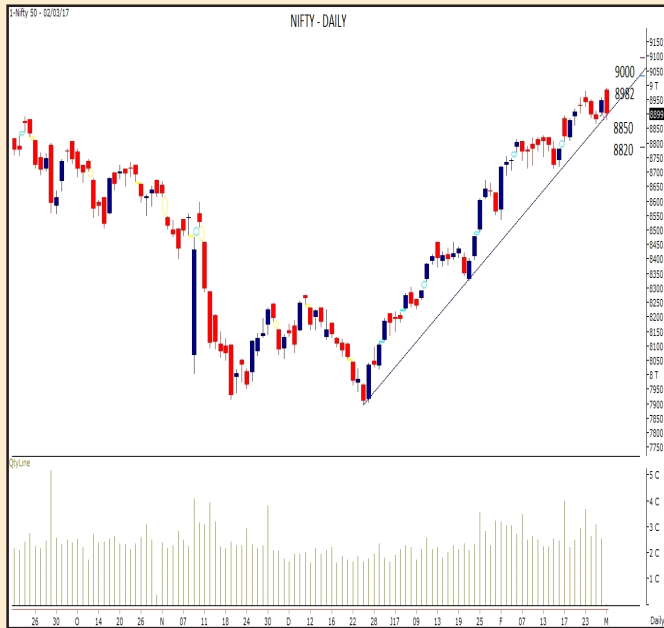


# MOST Market Outlook

3rd March 2017

## Nifty Chart



## Nifty Outlook

Nifty Fut.	R1	R2	S1	S2
8912	8850	8820	8982	9000

'Nifty index failed to cross 9000 mark and after an early consolidation it witnessed a sharp decline towards 8880. It formed a Bearish Engulfing pattern on daily chart and also tested its rising support trend line. On the downside it has multiple supports at 8850 and 8820 while 8982-9000 zone is likely to act as a key hurdle to restrict its upside momentum. Index is stuck in the trading range and momentum is missing both the side to get a decisive market move.

## Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
66.90	66.88	66.75	67.10	67.20

An initial move higher towards intraday resistance at 67.20 looks possible. Trading range for the day could be 66.90 - 67.20.

## Trading Idea - Cash & Future

Scrip	Reco	CMP	SL	Target
HEROMOTOCO	BUY	3229	3140	3410

## Corporate Action:

EIDPARRY	Interim Dividend - INR 4.00
NAUKRI	Interim Dividend - INR 1.50

## Security in Ban period:

IBREALEST, JINDALSTEL, JPASSOCIAT

## 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	7.25
30 Mar 530 CE	Sell	1	7.5	4.95

Target Profit: Rs.9000 SL Rs 4000

## Market Drivers

- ✓ Indian markets opened higher in line with global cues but could not sustain the up move. Banking stocks corrected from higher levels. US markets closed lower and Asian markets are also trading lower. Probability of Fed rate hike in next meeting has increased. On the domestic front macro data has been better. Market participants are also watching the Assembly elections. The primary market is abuzz with many issues lined up. Consolidation in near term on account of these aspects is likely as Nifty has struggled to sustain past 8950 levels.

## Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 30-Mar	9000	5128800	508950
Bank Nifty 30-Mar	21000	505120	-44320
Bank Nifty 09-Mar	21000	364960	274960

## Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 30-Mar	8800	4059975	96150
Bank Nifty 30-Mar	20000	641920	61880
Bank Nifty 09-Mar	20000	209720	166400

## Trading Calls

### HEROMOTOCO

CMP INR 3229

**Buy**

Target INR 3410



- ✓ 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 3140 for a potential upside target of 3410

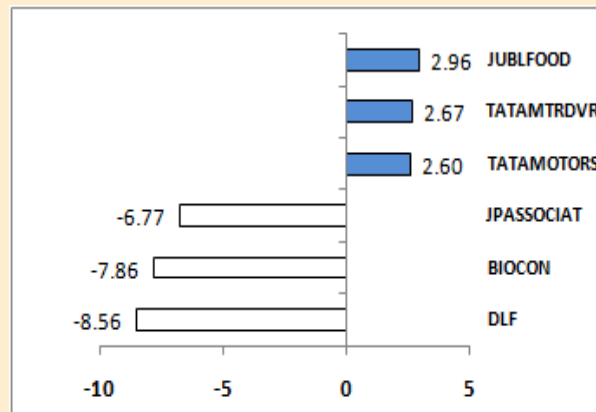
## FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	123	-75	23015
DII	-83	171	17606

## FII F&O

Institution	Net B/S	OI
INDEX FUTURES	874	Short Unwinding
INDEX OPTIONS	-1134	Writing
STOCK FUTURES	-265	Selling

## Major Price % Change



## Derivatives Idea

### TATASTEEL

Buy 1 Lot 520 CE

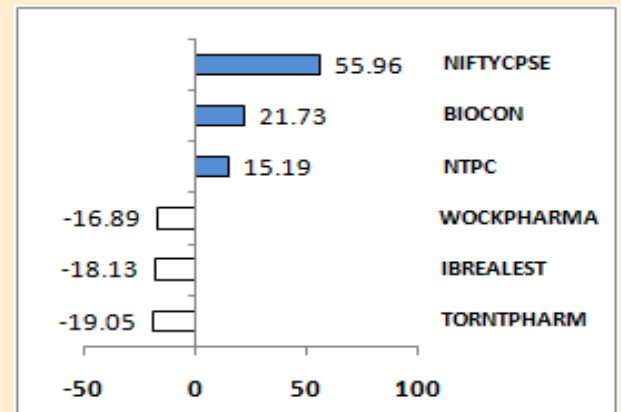
Sell 1 Lot 530 CE

**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

#### **TATA MOTORS (TP 653, 46% upside)**

- ✓ Worst is behind, things are falling in place for both JLR (favorable product pipeline, favorable Fx movement and peaking capex) & India business (CV recovery and strong pipeline for PVs).
- ✓ Expect JLR's volumes (including JV) to grow at a CAGR of 19% over FY17-19, driven by 14% CAGR for Land Rover and 31% CAGR for Jaguar on the back of launch of two new models, 6 major refreshes
- ✓ Estimate ~550bp expansion in EBITDA margin over FY17-19 (to ~16.1%), driven by fav forex & op leverage.
- ✓ Expect FCF conversion of ~85% of PAT by FY19 (v/s average of 30% in last 3 years).
- ✓ India PV business, driven by favorable product pipeline, can add 6-7% accretion to FY19E SOTP.
- ✓ Estimate 134% consolidated EPS CAGR over FY17-19 (albeit on a low base, after declining ~46% CAGR over FY15-17). Maintain Buy with a TP of INR653 (FY19E SOTP-based). TTMT is one of our top picks in Autos.

#### **AUTO Volumes**

- ✓ Eicher: RE volumes +19% YoY, Volvo +9% YoY (Inline)
- ✓ HMSI: Domestic sales +5% YoY (gains 1.4% market share) overall market share at 27.2%, YTD +13% growths

#### **Reliance JIO**

- ✓ Attended Reliance Jio's first analyst meet, and experienced its products and services.
- ✓ RJio is building significant data capacity and triggering price elasticity for data demand.
- ✓ Company is looking at ARPU accretion in the market, shifting from price/volume to subscriber/ARPU metrics.
- ✓ Envisages INR3, 000b industry revenues by FY21, with a target to reach 50% market share and 50% EBITDA margin.
- ✓ Attempting to widen its range of digital services via new product launches, including car tracking and home surveillance devices.

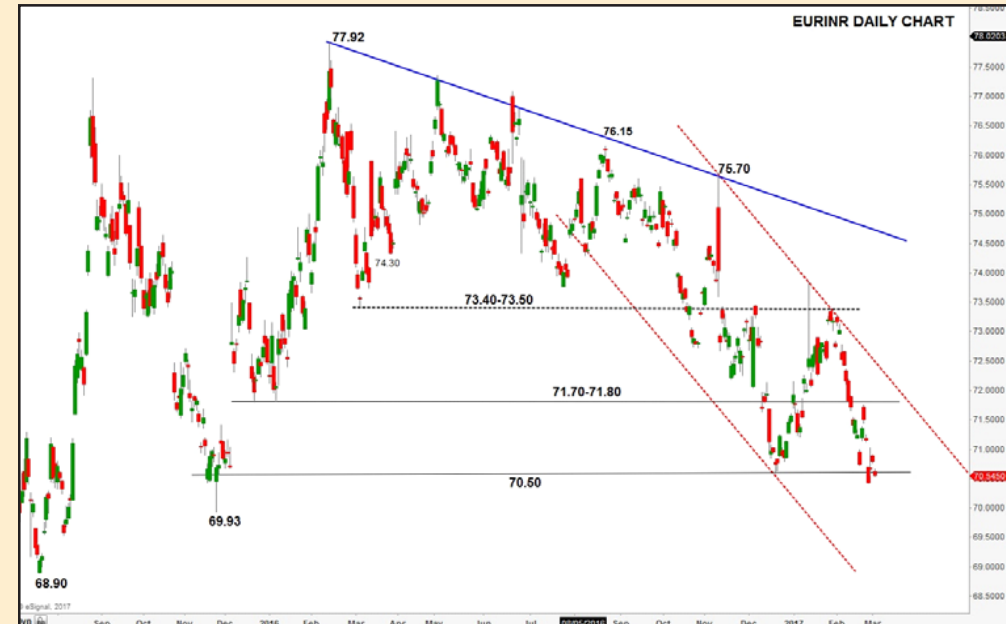
## Currency Ideas

### USDINR



- ✓ NSE USDINR tested an intraday low near 66.87 yesterday before closing near 66.90 for the session.
- ✓ However, the pair rebounded later from expected intraday support near 66.88 on DGCX to close higher near 67 levels.
- ✓ Since the pair has held onto support an initial pullback towards intraday resistance near 67.20 looks likely.
- ✓ However, the larger picture would be clear on either side breach of 66.75-67.25 range.

### EURINR



- ✓ NSE EURINR has been trading in a lower range since the past one month.
- ✓ The pair closed negatively yesterday on the verge of short-term breakdown near 70.50 levels.
- ✓ Sustained breach of the same could now trigger a further sell-off towards November 2015 low near 69.90.
- ✓ Immediate resistance is seen at 70.80-70.90 zone.
- ✓ Selling on rallies is advised.

# MOST Market Outlook

3rd March 2017

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