

MOST Market Outlook

3rd April 2017

Nifty Chart



Nifty Outlook

Nifty Fut.	R1	R2	S1	S2
9198	9218	9280	9119	9075

'Nifty index closed flattish but has been making higher highs – higher lows from last four trading sessions. It has been holding above its support trend line by connecting the lows of 8713, 8903 and 9024 levels. Now till it holds above 9133 zone, it has potential to head towards 9218 then 9280 while on the downside multiple supports are seen at 9119 and 9075.

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
65.05	64.95	64.80	65.20	65.35

The pair is likely to trade in a narrow range between intraday support at 64.95 and resistance at 65.20 level with a positive bias.

Market Drivers

- ✓ Indiabulls Housing and IOC will be part of Nifty from today. Bhel and Idea have moved out. Nifty has seen smart gains and is now closer to 9200 levels. Large part of gains on Friday was on account of Reliance. Overall valuations for the market are not inexpensive and earnings growth of corporates would be key for markets to rally further. Auto stocks will react to monthly numbers. Maruti, Tata Motors are preferred plays in auto from an investment perspective. Power, Infra stocks could remain in limelight on back of govt action. Liquor stocks will likely take a beating on back of Supreme Court order. RBI is expected to maintain status quo on policy rates. Govt action to address NPA concerns could keep investor interest in banks.

Trading Idea - Cash & Future

Scrip	Reco	MBP	SL	Target
AMARAJABAT	BUY	890	860	950

Corporate Action:

NA

Security in Ban period:

INFIBEAM

Today Event

India - Nikkei Manufacturing PMI
US Data - Manufacturing PMI, Composite PMI

Sectoral Outlook

Sector	Outlook
AUTO	POSITIVE
CAPITAL GOODS	POSITIVE

Trading Idea - Derivatives

STRATEGY : Zeel Call Ladder

Instrument	B/S	Lot	Reco	CMP
Zeel 27 Apr 540 CE	Buy	1	14.4	14.4
Zeel 27 Apr 560 CE	Sell	1	7.25	7.25
Zeel 27 Apr 580 CE	Sell	1	3.5	3.5

Target: Rs. 20000 between 560-580; SL: Rs.3500; Hedge: Buy Future above Rs.595; Margin: approx Rs. 176,000

Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 27-Apr	9200	3357525	553725
Bank Nifty 27-Apr	21500	556040	65400
Bank Nifty 06-Apr	22000	365440	187960

Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 27-Apr	9000	3707775	606675
Bank Nifty 27-Apr	21000	363080	56520
Bank Nifty 06-Apr	21000	297640	103560

Trading Calls

AMARAJABAT

MBP INR 890

Buy

Target INR 950



- ✓ It has bottomed out with the multiple supports of 820-830 zone and negated its negative trend of last five months
- ✓ Mechanical indicators have turned from over sold territory with positive divergence
- ✓ Thus, recommending to buy with the trading SL of 860 for a potential upside target of 950

Derivatives Idea

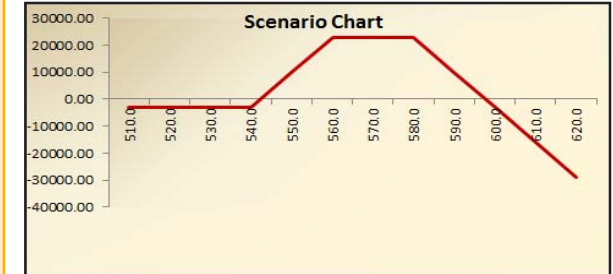
Zeel

Buy 1 Lot 540 CE

Sell 1 Lot 560 CE

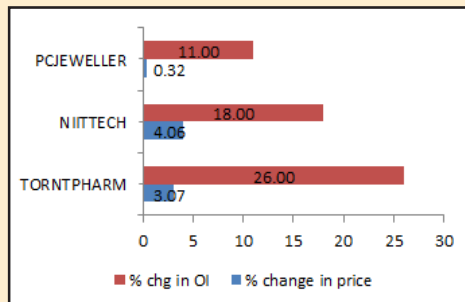
Sell 1 Lot 580 CE

Call Ladder

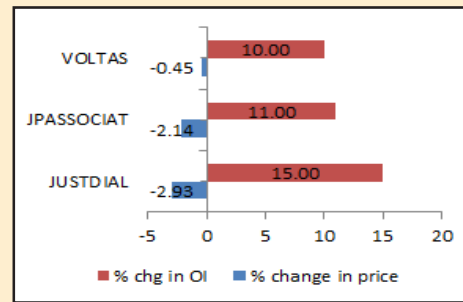


- ✓ Zeel is long- long unwinding cycle
- ✓ Stock has witnessed strong rollover of 83% along with OI accumulation in future
- ✓ Proximity of stock to highest call congestion at 540 raises expectation of a breakout propelling momentum towards 560-570
- ✓ Thus Call Ladder Spread is recommended

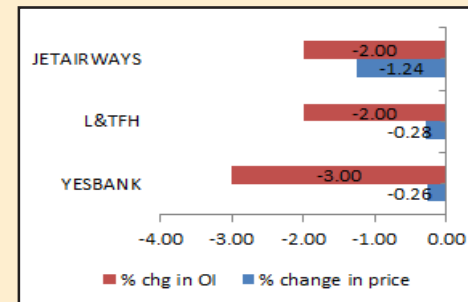
Long Built-up (Combined)



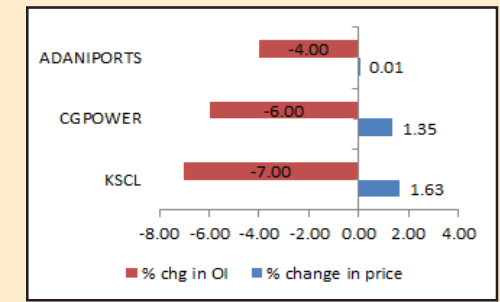
Short Built-up (Combined)



Long Unwinding (Combined)



Short Covering (Combined)



FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	-296	26472	49562
DII	1499	-4396	13041

FII F&O

Institution	Net B/S	OI
INDEX FUTURES	68	Long
INDEX OPTIONS	754	Long
STOCK FUTURES	-304	Short

Morning Meet Notes

Research Notes

Gujarat plant adds much needed capacity for growth

- ✓ Phase-1 of Gujarat plant starts operations, will drastically reduce wait time for Baleno, Brezza, Ignis
- ✓ Capacity 0.25m units, investment INR 30bn, 100% sourcing by MSIL on cost to cost, land at concessional price, sales tax benefit, to add to 13% of total MSIL capacity in FY18E and 20% by FY20
- ✓ Ramp up to 100% by 4QFY18, incremental 0.25m by 4Q FY19, vendors to be local by fy19, 40bps impact on EBIT margins
- ✓ Trades at 19x/15.6x FY18E/19E EPS, value at 20x March 19E, 25% upside

Demonitization hurt already weak employment

- ✓ Total addition of only 33k jobs in 3QFY17 against 77k in 2QFY17
- ✓ 20.52m works in total 8 main sectors in 2QFY17 which increased to only 20.63m in 3qFY17 growth of 0.27%
- ✓ Unorganised employment 90% of total employment in country

Economic Events Calendar, April 2017

	Monday	Tuesday	Wednesday	Thursday	Friday
	3-Apr-17	4-Apr-17	5-Apr-17	6-Apr-17	7-Apr-17
India	Nikkei PMI Manufacturing Index			Nikkei PMI Services, PMI Composite, RBI Credit Policy	
UK	Manufacturing PMI				Industrial Production, Manufacturing Production, Trade Balance
US	Manufacturing PMI, Composite PMI	Trade Balance, Factory Orders, Durable Goods orders	ADP Employment Change, Service PMI, FOMC Minutes of meeting	Initial Jobless Claims	Change in Nonfarm payroll, Unemployment rate,
	10-Apr-17	11-Apr-17	12-Apr-17	13-Apr-17	14-Apr-17
India	Trade Balance, Exports, Imports		CPI, IIP		
UK		CPI Index, Retail Price Index, Housing Price Index	Jobless Claims, Employment Change	BoE Credit conditions	
US	Labour Market condition		Monthly Budget Statement	Initial Jobless Claims	CPI, Retail sales Advance (MoM)
	17-Apr-17	18-Apr-17	19-Apr-17	20-Apr-17	21-Apr-17
India	WPI				
UK					
US		Housing starts, Industrial Production	US Fed Release Beige book	Initial Jobless Claims	Manufacturing PMI, Composite PMI, Existing Home sales
	24-Apr-17	25-Apr-17	26-Apr-17	27-Apr-17	28-Apr-17
India		Eight Infrastructure Industries			
UK					GDP (QoQ)
US		New Home sales		Wholesale Inventories, Retail Inventories, Intital Jobless claims, Pending Home sales	GDP (QoQ)

Note- CPI-Consumer Price Index, WPI-Wholesale Price Index, IIP- Index of Industrial Production, PMI-Purchasing Managers Index

Currency Ideas

USDINR



- ✓ NSE USDINR continued to decline last week, falling towards a fresh 1.5-year low near 65.05, down by about 0.5% for the period.
- ✓ Although the medium-term bias remains bearish, the pair is likely to find support near 64.80 and an initial bounce towards immediate resistance at 65.30 looks possible.
- ✓ Buying on dips towards support is thus advised

EURINR



- ✓ NSE EURINR declined sharply last week, closing at a 20-month low near 69.67, down by about 1.7% for the period.
- ✓ The pair has now broken crucial short-term support near 70.25 and the same is likely to act as immediate resistance.
- ✓ Selling on rallies is thus advised with test of July 2015 low near 69.20 looking possible

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