

MOST Market Outlook

5th January 2017

Nifty Chart



Nifty Outlook

Nifty	R1	R2	S1	S2
8204	8260	8300	8180	8155

'Nifty witnessed an 'Inside Bar' formation on the daily scale post a Doji indicating contracting range. An either side breach outside the 8230-8145 range with a good margin would dictate the directional momentum for a while. As Nifty has retraced more than 78.6% of its previous wave within 7 days & witnessing consolidation, raises expectation for the up move to remain intact.

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
68.21	68.05	67.90	68.50	68.65

Sideways consolidation could be seen for the session with negative bias as long as 68.50 is capped as resistance.

Sectoral Outlook

Sector	Outlook
IT	POSITIVE
MEDIA	NEUTRAL

Market Drivers

- Indian markets closed flattish as markets consolidated around the 8200 levels. Bank stocks remained under pressure while software stocks did better. Mid cap space continued to see good action. Leveraged space saw gains as this space will benefit from reduction in interest rates. Sectors like chemicals, real estate, infra, cement are seeing smart gains in the mid cap space. On the flows front FIIs continued to remain net sellers. BJP is set to see good gains in upcoming state elections as per survey. Overall for Nifty resistance is seen around 8250-60 levels in the immediate short term.

Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 25-Jan	8200	4137525	283650
Bank Nifty 25-Jan	18500	727920	85920
Bank Nifty 5-Jan	18200	1112760	500000

Trading Idea - Cash & Future

Scrip	Reco	CMP	SL	Target
ZEEL	BUY	458	446	480

Trading Idea - Derivatives

STRATEGY : HCLTECH : Modified Bull Call Spread

Instrument	B/S	Lot	Reco	CMP
25 JAN 860 CE	Buy	1	14	14
25 JAN 880 CE	Sell	1	7.8	7.8
25 JAN 780 PE	Sell	1	6	6

Target : Rs10000 SL : Rs3000 Hedge: Sell Future below Rs.780

Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 25-Jan	8000	6125775	185475
Bank Nifty 25-Jan	18000	586880	120
Bank Nifty 5-Jan	17500	927440	244440

Trading Calls

ZEEL

Buy

CMP INR 458

Target INR 480



- ✓ 'On the weekly scale the stock seems rebounding from multiple support zone
- ✓ A pullback towards its retracement resistance near 480 could be expected
- ✓ Trading longs could be considered with a stop below 446

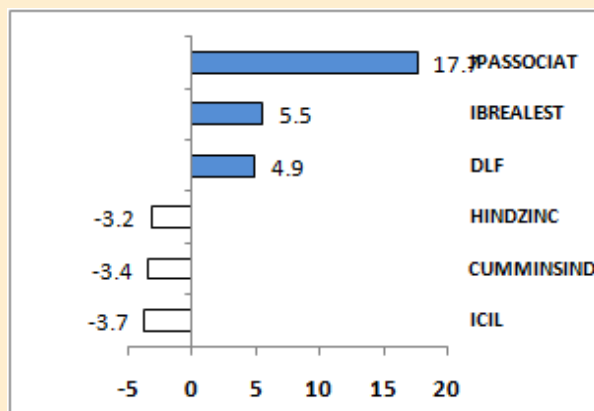
FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	-801	-1562	-12144
DII	427	1010	36373

FII F&O

Institution	Net B/S	OI
Index Future	181	Long
Index Options	887	Long option
Stock Futures	318	Long

Major Price % Change



Derivatives Idea

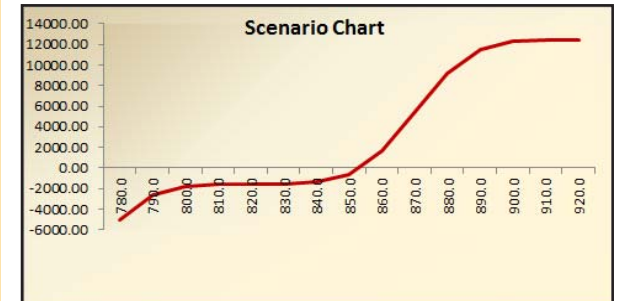
HCLTECH

Modified Bull Call Spread

Buy 1 Lot 860 CE

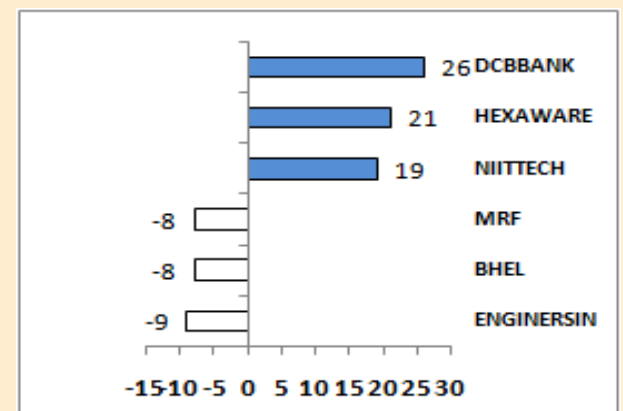
Sell 1 Lot 880 CE

Sell 1 Lot 780 PE



- ✓ HCLTECH is in long-long unwinding cycle
- ✓ Positive sector outlook along with bullish momentum could push the stock higher
- ✓ Unwinding in 840 CE could lead to option trigger. Thus Modified Bull Spread is recommended

Major OI % Change



Morning Meet Notes

Research Notes

INDIA IT 3Q PREVIEW

COMPANY	QoQ CC GROWTH
HCLTECH	+2.1%
INFOSYS	-1%
WIPRO	+1.3%
TCS	+1.5%
TECHM	+3.1% (60 bps Inorganic)

Looking at awards worth INR 1,00,000 crore over 3-4 years: Power Grid

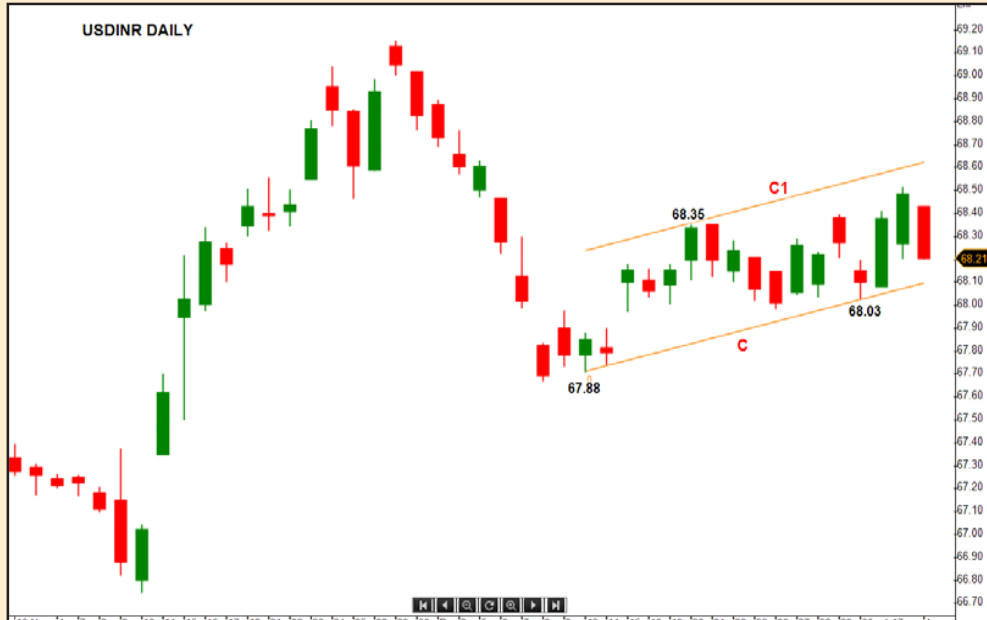
- ✓ Translating to T&D opportunity of > 25,000cr per year
- ✓ Proxy play - Skipper - Quality long term pick in Cap Goods; TP: INR 215

Dish TV-Videocon d2h merger update

- ✓ Synergies worth INR6.9b-7.6b (largely cost-led) over FY19-20
- ✓ Consolidation to help DITH - combined cable market share of 20% by FY20
- ✓ ROCE to improve from 7% in FY16 to 26% in FY19
- ✓ CCI approval pending; if merger goes through, TP of INR 115 shall be revises to 140

Currency Ideas

USDINR



- ✓ USDINR (Jan. contract) failed to sustain above recommended resistance of 68.40 - 68.50 and turned lower in the preceding session closing at 68.21.
- ✓ Resistance remains same at 68.40 - 68.50 whereas supports are at 68.05 - 68.00 levels.
- ✓ Sideways consolidation could be seen for the session with negative bias.
- ✓ Price break below support on sustainable basis will signify weakness towards 67.75 - 67.65 whereas break above resistance area will lead the move towards 68.85

EURINR



- ✓ EURINR (Jan. contract) traded in a sideways range in the previous session closing at 71.37.
- ✓ Sideways-to-negative move looks to continue for the pair as long as 71.95 - 72.05 is capped as stiff resistance area.
- ✓ Price break and sustain below immediate support of 70.90 will confirm further weakness towards 70.60 - 70.50 area.
- ✓ Selling on rise is advised for short-term.

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