

## Nifty Chart



## Nifty Outlook

| Nifty Fut. | R1   | R2   | S1   | S2   |
|------------|------|------|------|------|
| 8387       | 8450 | 8530 | 8300 | 8130 |

'The ongoing momentum is yet to witness exhaustion. The momentum indicator RSI is yet to register an overbought situation. A sustained move above 8450 could extend the up move while a breach below 8280 from hereon would stall the ongoing sequence & place nifty in a consolidation mode.

## Currency (USDINR) Outlook

| USDINR | S1    | S2    | R1    | R2    |
|--------|-------|-------|-------|-------|
| 67.51  | 67.35 | 67.10 | 67.70 | 67.90 |

The pair is likely to trade sideways-to-negative below resistance at 67.70 and test of support area at 67.30-67.35 levels looks possible.

## Sectoral Outlook

| Sector | Outlook  |
|--------|----------|
| INFRA  | Positive |
| PHARMA | Negative |

## Market Drivers

- ✓ Markets maintained its upward trajectory. Nifty gained +0.51% in last session closing at new 2016 high. Further, positive news flows on monsoons deficit being reduced to in single digit now, global market stability and INR strengthening back kept up the positive sentiments. US markets was shut yesterday. Most of the European indices traded in red yesterday on macro-economic concerns. FII's have turned net buyers of Indian equities. In yesterday's session they were net buyers in futures and cash segment. Three key drivers for markets going forward will be progress of monsoons, passage of GST bill in monsoon session and Q1FY17 earnings.

## Highest Call OI

| Instrument         | Strike | OI      | Chg in OI |
|--------------------|--------|---------|-----------|
| Nifty 28-July      | 8500   | 4038600 | -273225   |
| Bank Nifty 07-July | 18500  | 388120  | 117080    |
| Bank Nifty 28-July | 18500  | 227680  | 28240     |

## Trading Idea - Cash & Future

| Scrip   | Reco | CMP  | SL   | Target |
|---------|------|------|------|--------|
| DRREDDY | SELL | 3439 | 3520 | 3250   |

## Trading Idea - Derivatives

### STRATEGY - Hindpetro Call Ladder Spread

| Instrument      | B/S  | Lot | Reco | CMP  |
|-----------------|------|-----|------|------|
| 28 July 1040 CE | Buy  | 1   | 26   | 28.5 |
| 28 July 1080 CE | Sell | 1   | 14   | 15   |
| 28 July 1100 CE | Sell | 1   | 10   | 10.5 |

Target Profit :7500 Stop Loss: 2000 (Hedge above 1115)

## Highest Put OI

| Instrument         | Strike | OI      | Chg in OI |
|--------------------|--------|---------|-----------|
| Nifty 28-July      | 8000   | 4367925 | 154425    |
| Bank Nifty 07-July | 17500  | 444000  | 55000     |
| Bank Nifty 28-July | 17500  | 390720  | 186480    |

# MOST Market Outlook

5th, July 2016

## Trading Calls

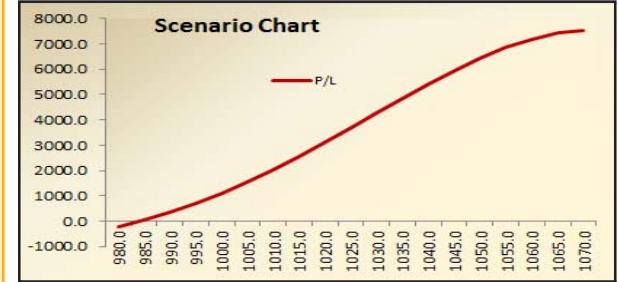
**DRREDDY** CMP INR 3439  
**Sell** Target INR 3250



- ✓ 'Negative sector outlook & 'Dark Cloud Cover' formation indicates the termination of the ongoing pullback
- ✓ DrReddy could be traded with a stop at 3520 & a trading target up to 3250

## Derivatives Idea

**Hindpetro** Buy 1 Lot 1040 CE  
 Sell 1 Lot 1080 CE  
 Sell 1 Lot 1100 CE  
**Call Ladder Spread**



- Target Profit : 7500 Stop Loss : 2000**
- ✓ Hindpetro is in long- long unwinding cycle
  - ✓ Option data for July series shows 1000 as immediate support
  - ✓ Unwinding in 1000 Ce could boost the ongoing momentum on higher side
  - ✓ Considering stable implied volatility, Call Ladder spread is recommended

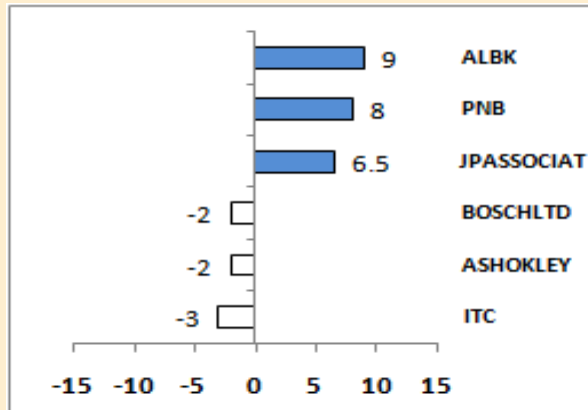
## FII & DII Activity (Rs. in Cr)

| Cat. | Amt | MTD  | YTD    |
|------|-----|------|--------|
| FII  | 182 | -5   | -32857 |
| DII  | 377 | 1285 | 49881  |

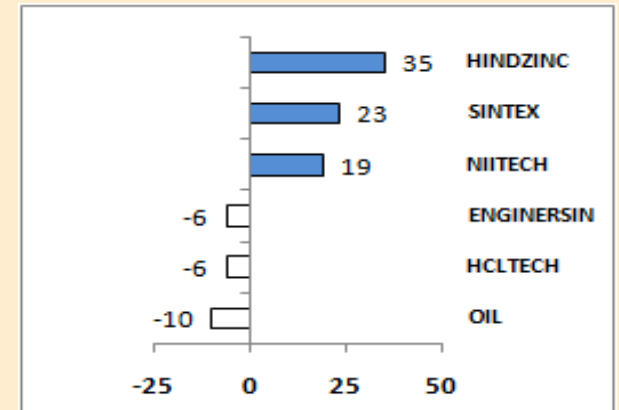
## FII F&O

| Institution   | Net B/S | OI   |
|---------------|---------|------|
| Index Future  | 76      | Long |
| Index Options | 733     | Long |
| Stock Futures | 503     | Long |

## Major Price % Change



## Major OI % Change



## Morning Meet Notes

### Research Notes

#### **Zensar Technologies (Initiating Coverage): CMP 1039, TP 1300, Buy**

- ✓ Core strengths in Oracle implementations, eCommerce enablement and IMS & Cloud
- ✓ Digital forms 27% of revenues (v/s 10-15% for peers)
- ✓ Pruning of non-core businesses has weighed on growth over the past few years; Restructuring efforts are nearing completion
- ✓ Hired a new CEO, Sandeep Kishore (ex. Corporate VP at HCLT)
- ✓ EPS Growth of 14% in FY17, going up to 27% in FY18; ROE of 24%; Trades at 10x FY18

#### **Mahindra & Mahindra: All stars aligning! - upgrading to Buy**

- ✓ Rural contributes 72% of PAT - one of the biggest beneficiaries of a normal monsoon
- ✓ After a 4-year gap, both UVs (+18%) and tractors (+20%) to deliver double-digit volume growth
- ✓ Expect ~100bp improvement in margins to 13% by FY18
- ✓ Expect EPS CAGR of 34% over FY16-18 (v/s 14% degrowth over FY14-16); trades at 15x FY18
- ✓ CMP: 1466, TP: 1724 (18% upside)

**Diesel vehicles** : Supreme Court indicates ban may be lifted over NCR region after levying taxes

## Currency Ideas

### USDINR



- ✓ USDINR (July contract) continued its recent decline as it opened gap down yesterday and traded in a small range thereafter
- ✓ The pair could possibly be forming a channel (C-C1) correcting the earlier decline from 69.20 to 66.10
- ✓ The short-term bias remains negative as long as below resistance at 67.85-67.90 range
- ✓ Immediate resistance is seen at 67.70 while support is at 67.35 level
- ✓ Selling on rallies towards resistance is reiterated

### GBPINR



- ✓ GBPINR (July contract) continued to inch lower as it closed towards a 3-year trough near 89.62 level yesterday
- ✓ The short-term bias remains bearish below resistance at 91.30-91.50 zone and selling on rallies is still advised
- ✓ Immediate resistance is seen at 90.40-90.60 range
- ✓ Test of 89-89.20 range looks possible
- ✓ Lower support is at 87-87.20 range

# MOST Market Outlook

5th, July 2016

**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

Disclaimer: This document has been prepared by Motilal Oswal Securities Limited (hereinafter referred to as Most) to provide information about the company(ies) and/or sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies). This report is for personal information of the selected recipient/s and does not constitute to be any investment, legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and Motilal Oswal Securities Limited (hereinafter referred to as MOST) is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur.

MOST and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group. We and our affiliates have investment banking and other business relationships with a some companies covered by our Research Department. Our research professionals may provide input into our investment banking and other business selection processes. Investors should assume that MOST and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may educate investors on investments in such business. The research professionals responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting information. Our research professionals are paid on twin parameters of performance & profitability of MOST

MOST generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, MOST generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing among other things, may give rise to real or potential conflicts of interest. MOST and its affiliated company(ies), their directors and employees and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the affiliates of MOST even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

Reports based on technical and derivative analysis center on studying charts company's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamental analysis. In addition MOST has different business segments / Divisions with independent research separated by Chinese walls catering to different set of customers having various objectives, risk profiles, investment horizon, etc, and therefore may at times have different contrary views on stocks sectors and markets.

Unauthorized disclosure, use, dissemination or copying (either whole or partial) of this information, is prohibited. The person accessing this information specifically agrees to exempt MOST or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOST or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOST or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. The information contained herein is based on publicly available data or other sources believed to be reliable. Any statements contained in this report attributed to a third party represent MOST's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. This Report is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. While we would endeavor to update the information herein on reasonable basis, MOST and/or its affiliates are under no obligation to update the information. Also there may be regulatory, compliance, or other reasons that may prevent MOST and/or its affiliates from doing so. MOST or any of its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. MOST or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This report is intended for distribution to institutional investors. Recipients who are not institutional investors should seek advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents.

Most and its associates may have managed or co-managed public offering of securities, may have received compensation for investment banking or merchant banking or brokerage services, may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Most and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.

Subject Company may have been a client of Most or its associates during twelve months preceding the date of distribution of the research report

MOST and/or its affiliates and/or employees may have interests/positions, financial or otherwise of over 1 % at the end of the month immediately preceding the date of publication of the research in the securities mentioned in this report. To enhance transparency, MOST has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

Motilal Oswal Securities Limited is under the process of seeking registration under SEBI (Research Analyst) Regulations, 2014.

There are no material disciplinary action that been taken by any regulatory authority impacting equity research analysis activities

Motilal Oswal Securities Limited is registered as a Research Analyst under SEBI (Research Analyst) Regulations, 2014. SEBI Reg. No. INH000000412

A graph of daily closing g prices of securities is available at [www.nseindia.com](http://www.nseindia.com) and <http://economictimes.indiatimes.com/markets/stocks/stock-quotes>.

#### Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The research analysts, strategists, or research associates principally responsible for preparation of MOST research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues

#### Disclosure of Interest Statement

1. Analyst ownership of the stocks mentioned above
2. Served as an officer, director or employee

No  
No

#### Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOST & its group companies to registration or licensing requirements within such jurisdictions.



## 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](mailto:info@motilaloswal.com)