



## Nifty Outlook

Nifty Fut.	R1	R2	S1	S2
8230	8255	8300	8200	8155

'Nifty commenced its strong run with a 'Break Away Gap' at 7222 & is yet to witness an 'Exhaustion Gap' which would complete the gap sequence. The momentum oscillator RSI has now reached the overbought zone but is yet to show signs of weakness /exhaustion. Hence though the broader trend remains bullish an intermediate correction towards 8000 cannot be ruled out at this juncture.

## Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
67.24	66.90	66.80	67.50	67.75

The pair is likely to trade negatively as long as below resistance at 67.50. Selling is advised targeting 66.80 level.

## Sectoral Outlook

Sector	Outlook
MIDCAP	Positive
NBFC	Neutral

## Outlook

- ✓ Indian market had a subdued day ahead of the RBI policy. PSU banking stocks were up ahead of the meeting. Smaller private sector banks saw gains. Reports of creation of stressed assets fund seem to have helped these stocks stage some gains. The move could help address the NPA issue. Overall mid caps did better. Pharma continued to be a drag. Fed Chair Yellen's statement indicated that the June policy is unlikely to see rate hike in US but likelihood of August rate hike remains. US markets closed higher. Asian markets are trading higher. Crude prices moved higher. RBI is expected to keep key rates unchanged. Rupee has been strengthening ahead of the meet. Overall bias for the market continues to be positive.

## Trading Idea - Cash & Future

Scrip	Reco	CMP	SL	Target
BAJAJ FINANCE	SELL	7774	8020	6900
EMAMI	BUY	1025	980	1140

## Trading Idea - Derivatives

### STRATEGY - M&M Call Ladder Spread

Instrument	B/S	Lot	Reco	CMP
June 1380 CE	Buy	1	36	36
June 1420 CE	Sell	1	21	21
June 1440 CE	Sell	1	16	16

Target Profit : 16400 Stop Loss : 1480



- ✓ RBI policy meet: Expectation to hold rates; Rajan Exit a key concern

## **United Spirits analyst meet:**

- ✓ Long-term story intact with strong demographics; continuous premiumisation
- ✓ Near term catalyst: Price hike in Karnataka (25% of volumes); Andhra Pradesh and Telangana, two other large markets could also grant price hikes in the next few months
- ✓ Continuing with the identified strategic priorities: a) Power brands b) Strengthen route to consumer c) Drive out costs d) Transform USL and Industry reputation

## **Eicher Motors annual report analysis:**

- ✓ Gross margin expansion of RE (400bp) and operating leverage of VECV.
- ✓ Highest ever FCF of INR12.1b (CY14: INR0.7b), despite a high capex of INR10.6b in FY16.
- ✓ RoCE improves on superior capital allocation (21% in CY11 to 34% in FY16 annualized)

## **Glenmark:**

- ✓ Fresh FCCB (USD200m) issuance reiterates our concern on poor cash flows
- ✓ Cash conversion low due to exchange fluctuation losses and high working capital
- ✓ Neutral rating on Glenmark; Prefer better plays like Lupin, Granules

**Sun Pharma** sells 2 plants in US to Frontida BioPharm - No major financial implication. Promoters company (Sun Petrochemicals) may bid for O&G blocks

**Bajaj Finance** - Recommend taking profits in Midcap and Multicap

## Currency Ideas

### USDINR



- ✓ USDINR continues to trade sideways with negative bias closing the preceding session with a negative note at 67.24
- ✓ Immediate resistance is at 67.22-67.32 zone followed by 67.50 whereas 66.95 / 66.80 may provide strong supports.
- ✓ Bias remains weak and selling on rise is advised targeting 66.80 level

### JPYINR



- ✓ JPYINR closed with a positive note in the previous session closing at 62.73
- ✓ Negative opening could be seen as parity comes around 62.30 level but short-term bias looks positive as long as price holds above 61.75 - 61.90 zone which is crucial support on the downside.
- ✓ Buying on dip towards 61.95 is advised for the session targeting 62.55 level

# MOST Market Outlook

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