

# MOST Market Outlook

8th February 2017

## Nifty Chart



## Trading Idea - Cash & Future

Scrip	Reco	MBP	SL	Target
HUL	BUY	855	850	870

## Corporate Action:

### Interim Dividend -

ALANKIT INR - 0.10, MOTILAL OFS INR - 2.50, SUVEN INR - 1.00, THYROCARE INR - 5.00

## Security in Ban period:

CEATLTD, CENTURYTEX, HDIL, IBREALEST, JINDALSTEL, JPASSOCIAT, ORIENTBANK, RCOM, SUNTV, WOCKPHARMA

## Nifty Outlook

Nifty Fut.	R1	R2	S1	S2
8785	8835	8860	8725	8700

'Post 4 days of positive close the index witnessed a marginal decline & filled the gap around 8740. The sequence of higher highs & higher lows on the intraday scale remains firm until 8720 is held. Only a sustained breach below the 8720 would indicate loss in momentum & push the index lower towards its intermediate supports around 8600-8550.

## Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
67.56	67.20	67.05	67.70	67.85

The pair is likely to trade in a lower range between intraday resistance at 67.70 and supports at 67.20-67.05 zone.

## Sectoral Outlook

Sector	Outlook
ENERGY	POSITIVE
FMCG	NEUTRAL

## Trading Idea - Derivatives

### STRATEGY UPDATE : Banknifty Ratio Call Spread

Instrument	B/S	Lot	Reco	CMP
23 FEB 20500 CE	Buy	1	191	218
23 FEB 21000 CE	Sell	2	54	59

Target Profit: Rs.15000 around 21000 Initial Outflow: Rs.3500  
Hedge above : Rs. 21375

## Market Drivers

- ✓ Indian markets saw a bit of volatility ahead of the RBI policy. The broad expectation is of a 25 bps rate cut. Results continue to be mixed. BHEL, Tata Steel both reported numbers ahead of street expectation. PNB numbers were also better. PSU Banks could continue to offer upsides in the near term given valuation differential. Buyback talks could fuel some up move in Infosys. Overall Nifty is expected to be range bound in near term and market will look to take some cues from the policy. Broad bias continues to be positive and use corrections as opportunity.

## Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 23-Feb	9000	6162675	317850
Bank Nifty 23-Feb	21000	905120	31760
Bank Nifty 09-Feb	21000	632800	148480

## Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 23-Feb	8500	5720100	252075
Bank Nifty 23-Feb	19500	788400	100000
Bank Nifty 09-Feb	20000	451120	20000

# MOST Market Outlook

8th February 2017

## Trading Calls

**HUL**

**Buy**

MBP INR 855

Target INR 870



- ✓ 'Occurrence of a 'Bullish Harami' at the retracement support raises expectation of the swing support to remain firm
- ✓ Trading longs could be initiated near 855 with a stop below 850 for a target 870

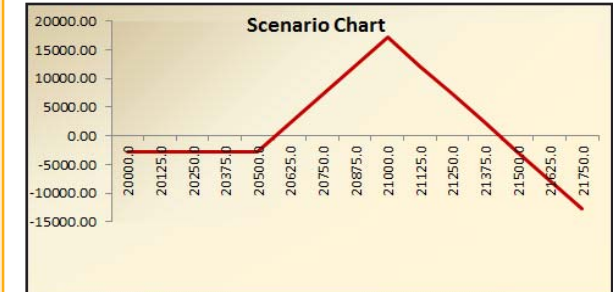
## Derivatives Idea

**Banknifty**

Buy 1 Lot 20500 CE

Sell 2 Lot 21000 CE

**Ratio Call Spread**



- ✓ Banknifty is in long-long Unwinding Cycle
- ✓ Option data shows highest put concentration at 19500/20000 indicating support zone
- ✓ Any unwinding in OTM Calls could lead to option trigger thereby fuelling the momentum towards 20500-21000. Considering falling volatility, and to take advantage of time decay, Ratio Call Spread is recommended

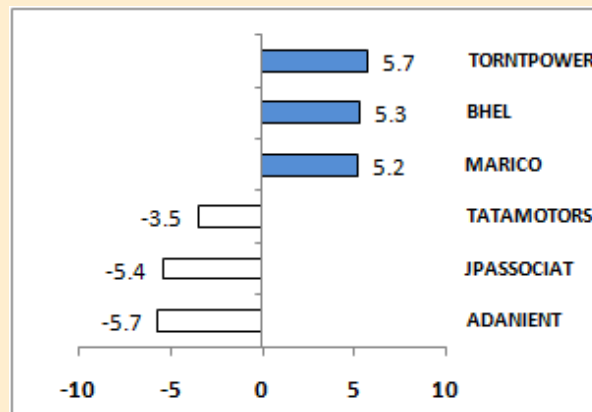
## FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	201	353	2225
DII	1620	3050	30041

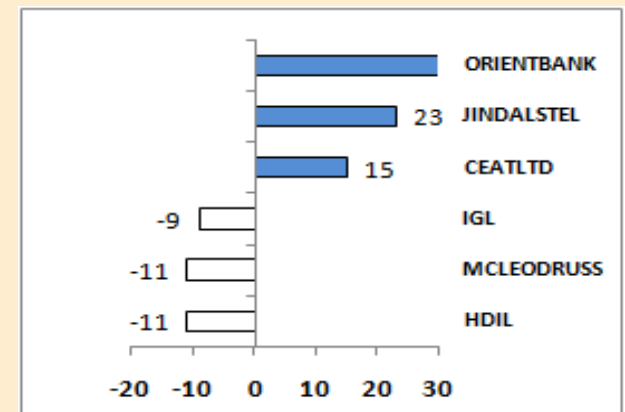
## FII F&O

Institution	Net B/S	OI
Index Future	-39	Short
Index Options	-111	Writing
Stock Futures	-586	Short

## Major Price % Change



## Major OI % Change



## Morning Meet Notes

### Research Notes

#### **J&K Bank: (CMP - 73, TP 75, Recom. Neutral)**

- ✓ NII de-grew 14% YoY on the back of 86bp YoY (38bp QoQ) decline in NIM. Net loss of INR5b. Loan book down 3% qoq
- ✓ GNPL and NNPL was at 11.8% and 6%

#### **P&G HYGIENE AND HEALTHCARE: (CMP - 6963, TP 8250, Recom. BUY)**

- ✓ Sales declined 2.4% YoY (est. of +10%) to INR6.43b. EBITDA margin at 35.5%.
- ✓ EBITDA increased by 5.7% YoY to INR2.29b and PAT by 2.8% YoY to INR1.51b
- ✓ Maintain BUY with TP of 8250

#### **Ramco Cements: (CMP - 681, TP 815, Recom. BUY)**

- ✓ Volumes grew 22% YoY. Net sales grew 15% YoY to INR9.4b. Margin was 28.7%. PAT was better at INR1.5bn
- ✓ We estimate 17%/24% EBITDA/PBT CAGR over FY17-19. The stock trades at an EV of 9.6x FY19E EBITDA. Maintain Buy; target price of INR815

#### **HEXAWARE TECHNOLOGIES: (CMP - 197, TP 220, Recom. Neutral)**

- ✓ Revenue growth of 3.4% QoQ CC. Volumes growth of 8.4% QoQ
- ✓ EBITDA margin for 4Q was in line. PAT at INR1.2b.
- ✓ Expect USD revenue CAGR of 10.1% and EPS CAGR of 7.9% over CY16-18E. TP of INR220

#### **BHEL: (CMP - 152, TP 115, Recom. SELL)**

- ✓ Sales at INR63.2b (+19% YoY) beat our estimate of INR61b. Gross margins at 37.4% (+220bps YoY). EBITDA at INR2.2b and margins of 3.5 % vs. PAT at INR 0.94b.
- ✓ Order book at INR984b(-10% YoY). SELL with TP of Rs 115

#### **Titan Company: (CMP - 393, TP 420, Recom. Neutral)**

- ✓ Revenue rose 13.9% YoY to INR38.7b (est. of INR38.1b). EBITDA grew 25.5% YoY to INR3.5b due to better-than-expected EBITDA margin, while recurring PAT rose 13.4% YoY to INR2.6b (est. of INR2.3b).
- ✓ Expect earnings CAGR of 13.7% over FY16-19E. Neutral with a revised TP of INR420

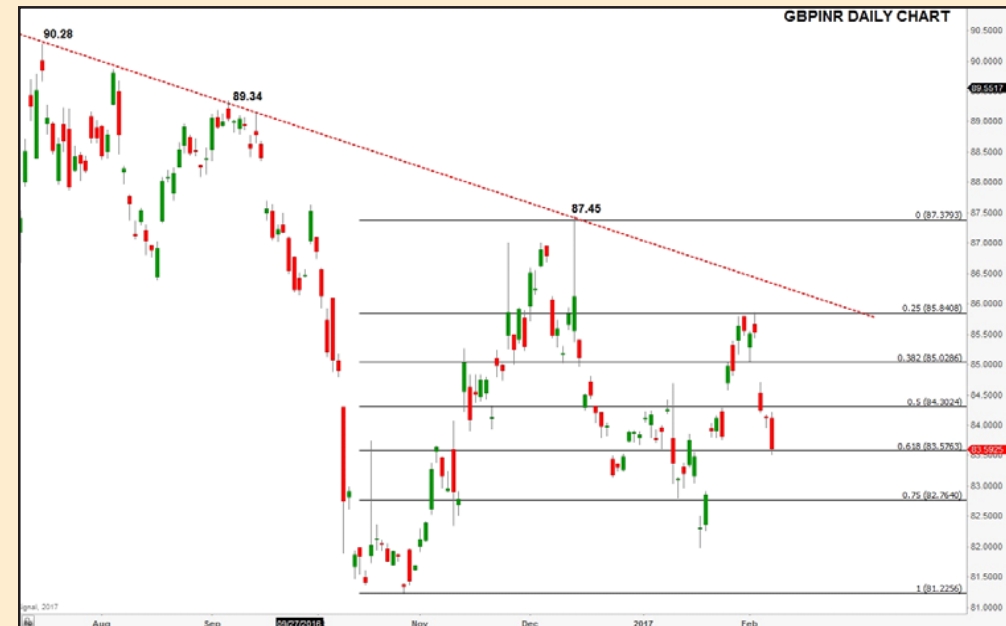
## Currency Ideas

### USDINR



- ✓ NSE USDINR (Feb. contract) rebounded slightly after testing a low near 67.28 to close yesterday's session near 67.56.
- ✓ However, DGCX USDINR couldn't hold onto the gains and closed lower near 67.42 (61.8% retracement level).
- ✓ Sustained trade below this level would now continue the decline towards lower supports at 67.20-67.05 levels.
- ✓ Selling on rallies is thus advised as long as 67.70 (50% retracement resistance) is capping the upside

### GBPINR



- ✓ NSE GBPINR (Feb. contract) predictably extended its decline towards 83.55-83.60 zone before closing near 83.60 levels.
- ✓ The pair is likely to open higher (as per parity) and could now find short-term support around this area
- ✓ Sustained trade above 84.40 could lead to a relief rally towards immediate resistance at 84.80 / 85.00 level.
- ✓ Buying is thus advised on dips.

# MOST Market Outlook

8th February 2017

**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/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 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)