

MOST Market Outlook

8th May 2017

Nifty Chart



Trading Idea - Cash & Future

Scrip	Reco	CMP	SL	Target
TATA STEEL	SELL	434	445	418

Corporate Action:

NA

Security in Ban period:

ADANIANT, BHARATFIN, IRB, JSWENERGY, KTKBANK, UJJIVAN

Today Event

NA

Nifty Outlook

Nifty Cash	R1	R2	S1	S2
9285	9350	9380	9191	9150

Nifty index failed to surpass its crucial hurdle of 9380 zone and corrected by more than 100 points from its opening levels. However it made a new life time high of 9377 in the opening tick but lost all its gain and formed a Bearish Engulfing Candle on the Daily chart as. It engulfed the price movement of last six trading sessions and given the lowest daily close in last eight sessions. Now if it sustains below 9280 then selling pressure could extend towards 9250 and 9191 while on the upside multiple hurdles are seen at 9250 and 9280 zones.

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
64.54	64.30	64.10	64.65	64.85

The pair is likely to trade in a range between intraday support at 64.30 and resistance at 64.65 with a positive bias.

Sectoral Outlook

Sector	Outlook
BANKS	POSITIVE
METALS	NEGATIVE

Trading Idea - Derivatives

STRATEGY UPDATE : PETRONET CALL BUTTERFLY SPREAD

Instrument	B/S	Lot	Reco	CMP
PETRONET 430 CE	Buy	1	15.00	13.35
PETRONET 440 CE	Sell	2	10.00	10.00
PETRONET 450 CE	Buy	1	7.50	6.90

Target: Rs 10000; SL: Rs.3750, Margin: approx Rs.161000

Market Drivers

- ✓ Election results of France have led to buoyant Asian markets. Win for Macron is seen as positive. Euro also saw strength on back of same. On the domestic front, govt action remains key. Steps for NPA resolution, opening up of defense is positive. This could help sustain interest in PSU banking space on expectation of positive action towards resolution of NPA issue. Ambuja and ACC will likely get merged. We see integration benefits and thus see the merger as positive for both companies. Overall global cues, govt action and reasonable corporate performance should be supportive for markets.

Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 25 - May	9400	5485050	970725
Bank Nifty 25 - May	23000	518800	46040
Bank Nifty 11 - May	23000	670280	277000

Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 25 - May	9300	4899000	-826725
Bank Nifty 25 - May	21500	1000760	29080
Bank Nifty 11 - May	22000	425600	72480

Trading Calls

TATA STEEL

CMP : INR 434

Buy

Target : INR 418



- ✓ Tatasteel has broken its rising channel on the weekly chart and has been making lower top - lower bottom from last four weeks
- ✓ Negative sector outlook and sustained selling pressure in the stock suggests weakness to continue in the in next coming sessions
- ✓ Thus suggesting to sell the stock on a small bounce with the stop loss of 445 for the downside target of 418 levels

Derivatives Idea

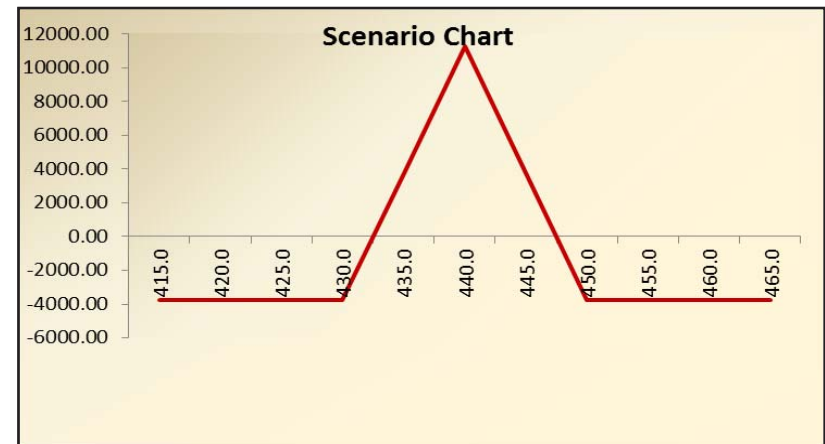
PETRONET

Call Butterfly Spread

Buy 1 Lot 430 CE

Sell 2 Lots 440 CE

Buy 1 Lot 450 CE



- ✓ Petronet has taken support near to 422 zone and is well placed to head towards its recent highs.
- ✓ Highest Put congestion at 420 could act as a major support while unwinding in 430 and 440 strikes could see momentum
- ✓ Indicating positive to range bound move this Call Butterfly Spread is recommended

FII & DII Activity (INR in Cr)

Cat.	Amt	MTD	YTD
FII	-364	-2095	13703
DII	298	1878	43611

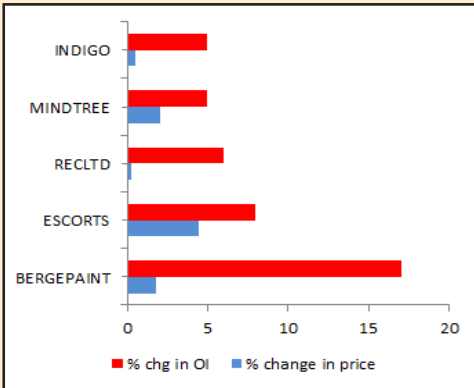
FII F&O

Institution	Net B/S	OI
INDEX FUTURES	-1,088	Long Unwinding
INDEX OPTIONS	1,800	Put Writing
STOCK FUTURES	-470	Short

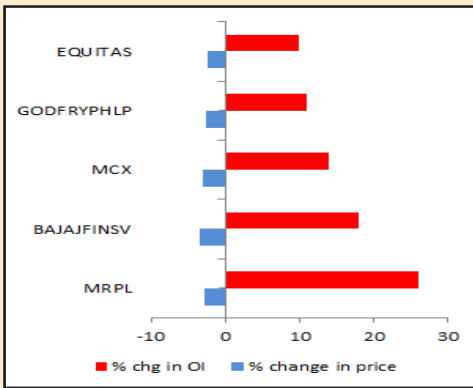
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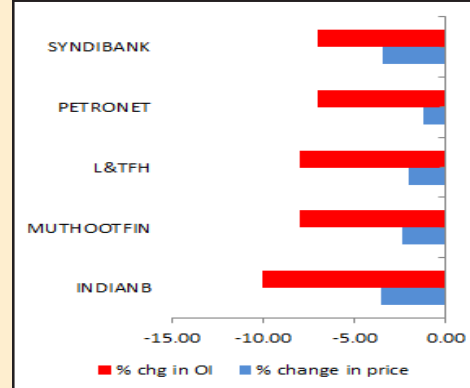
Long Built-up



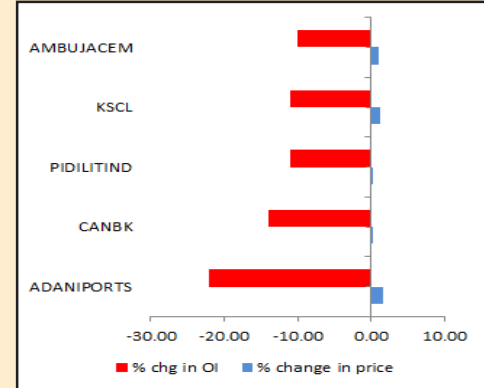
Short Built-up



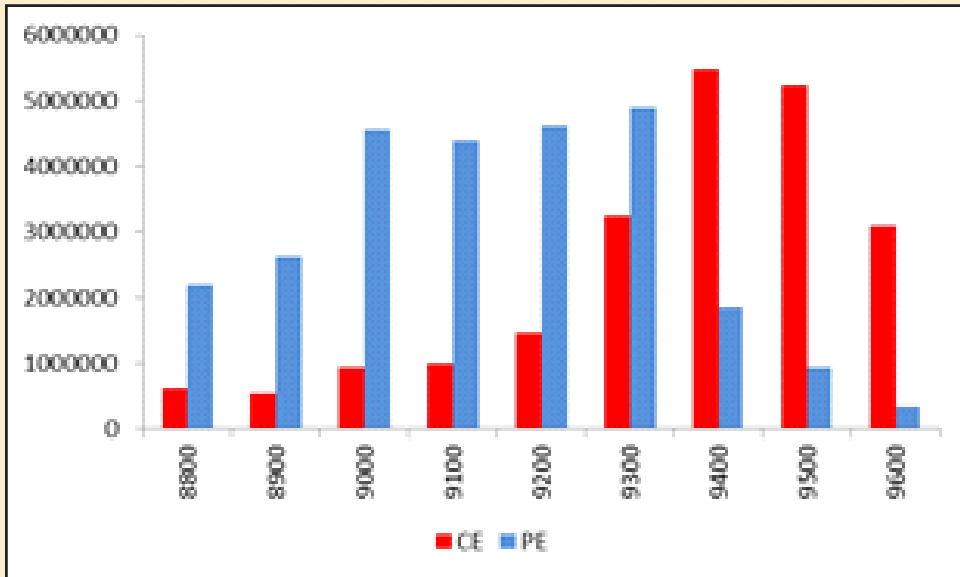
Long Unwinding



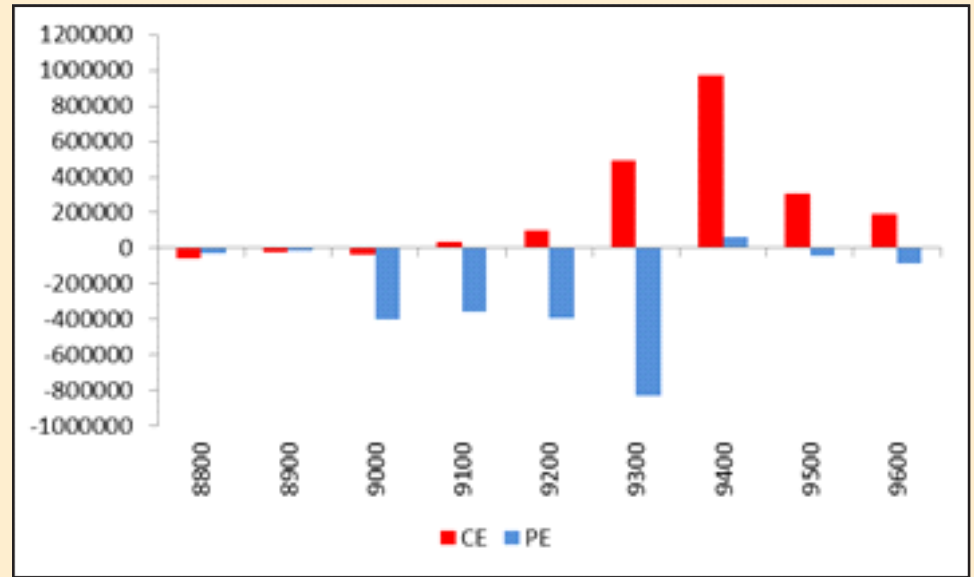
Short Covering



Nifty Option OI



1- Day change in Nifty OI



Morning Meet Notes

Research Notes

Company	Sales	% Y/Y	EBITDA	% Y/Y	PAT	% Y/Y	Rationale	Comments
Eicher Motors	18.9	23.2	5.8		4.6	34.0	BUY/30402/I	<p>1. RE vol +20% YoY, EBITDA margin 31.8%, realisation +1.5% YoY, VECV vols +10% YoY, EBITDA margins expanded 370bp on op lev</p> <p>2. Waiting period stable at ~2 months for Classic 350, Order booking in Top-20 cities (~50% of volumes) growing at over 15%, Added ~150 dealerships in FY17 to ~675; would be adding ~150 dealers/year in next two years; Producible capacity at ~825k for FY18 & ~960k for FY19, Maintain buy with 18% upside</p>
P&G	5.7	5.5	1.5	15.3	1.0	2.6	BUY/8760/I	<p>1. Double-digit sales in Feminine Hygiene was offset by flat growth and higher excise in Healthcare</p> <p>2. EBITDA margin expanded 230bp YoY to 26.8%, company declared a significant interim dividend of INR362 per share (5% yield)</p> <p>3. Enjoys far superior barriers to entry in its key Feminine Hygiene segment (69% of sales)</p> <p>4. Value at 50x March 2019 E EPS, 19% upside</p>
Sanofi	5.5	-9.1	1.0	-21.3	0.6	-25.6	BUY/4850/B	<p>1. Margin contraction to 18.4% from 23.7% in 1QCY16, PAT missed est on lower export volumes and adverse impact of INR appreciation vs Euro</p> <p>2. Model growth of 12% in sales, 14% in EBITDA and 16% in earnings over CY16-18E, cut CY17E/CY18E EPS by 17/8.6%, value at 28x CY18E (16% upside)</p>

Upcoming Economic Events Calendar

	8-May-17	9-May-17	10-May-17	11-May-17	12-May-17
India					CPI, IIP
UK				IIP, BoE Rate decision, BoE Asset Purchase Target	
US				Initial Jobless Claims	CPI, Retail sales Advance
	15-May-17	16-May-17	17-May-17	18-May-17	19-May-17
India	WPI				
UK		CPI, Housing Price Index	Jobless Claims		
US		Industrial Production		Initial Jobless Claims	
	22-May-17	23-May-17	24-May-17	25-May-17	26-May-17
India				Eight Infrastructure	CPI, IIP
UK				GDP (QoQ)	
US		New Home sales	Manufacturing, Services and Composite PMI, Existing Home sales, FOMC Meeting Minutes	Initial Jobless Claims	Quarterly GDP

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

Currency Ideas

USDINR



- ✓ The pair traded in a range between immediate resistance at 64.65 and support at 64.30, closing flat for the last week near 64.55.
- ✓ Sideways move is expected to continue for the short-term and either side breach of this range would decide the trend.
- ✓ Till then trading near the extreme ends of this range i.e. buying near support or selling near resistance is advised.
- ✓ Higher resistance is at 64.85/64.90 while lower support is at 64.10

GBPINR



- ✓ GBPINR continued to trade in a higher range, closing towards a 2.5-month high near 83.48 level last week.
- ✓ Short-term bias looks positive above immediate support at 83-83.10 range and the bullishness is likely to sustain.
- ✓ Buying on dips is thus advised with a gradual upside move towards 'Double Bottom' target near 84.40 looking likely

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