

MOST Market Outlook

10th January 2017

Nifty Chart



Trading Idea - Cash & Future

Scrip	Reco	MBP	SL	Target
ONGC	BUY	198	191	222

Nifty Outlook

Nifty	R1	R2	S1	S2
8250	8285	8320	8240	8220

'Despite of registering a faster retraced up move the index witnessed a 'Doji' formation on the weekly scale. The index has managed to maintain its bullish sequence & a breach above 8310 (High of the Weekly Doji) would reinstate the bullish momentum. On the flip side only a breach below 8130 (Low of Weekly Spinning Top) would negate the setup & remains a vital stop for trading longs.

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
68.37	68.20	68.00	68.50	68.85

As long as 68.50 is capped as resistance, sideways consolidation will be seen for short-term.

Sectoral Outlook

Sector	Outlook
ENERGY	POSITIVE
AUTO	NEUTRAL

Trading Idea - Derivatives

STRATEGY : Banknifty Modified Bull Call Spread

Instrument	B/S	Lot	Reco	CMP
25 JAN 18600 CE	Buy	1	138	145
25 JAN 19000 CE	Sell	1	48	44
25 JAN 17300 PE	Sell	1	57	39

Target : Rs.9000 SL : Rs3000 Hedge: Sell future below Rs.17300

Market Drivers

- ✓ Indian markets saw a low volume muted activity yesterday. FIIs continued to remain sellers in cash market. PSU stocks did well post govts decision to sell 26 percent stake in BEML. PSU companies will remain in limelight on back of this decision. Indusind bank announces numbers today. Private banks are expected to relatively perform better. A good start to earnings season from Indusind bank could boost other banking stocks as well. Crude prices corrected which could bring some rally to airline stocks as well. Overall Nifty is expected to remain rangebound with mild positive bias.

Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 25-Jan	8400	5130825	313200
Bank Nifty 25-Jan	19000	984720	53960
Bank Nifty 12-Jan	18500	703680	244800

Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 25-Jan	8000	6678525	407325
Bank Nifty 25-Jan	18000	726000	22360
Bank Nifty 12-Jan	18000	606600	73360

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Trading Calls

ONGC

Buy

MBP INR 198
Target INR 222



- ✓ 'ONGC witnessed a strong rebound post the 'Doji' formation reconfirming the strength in the weekly support & the ongoing up move
- ✓ We expect the stock to rise towards its 'Rounding' pattern target placed at 222
- ✓ Declines provide a decent reward to risk opportunity for longs with a stop below 191

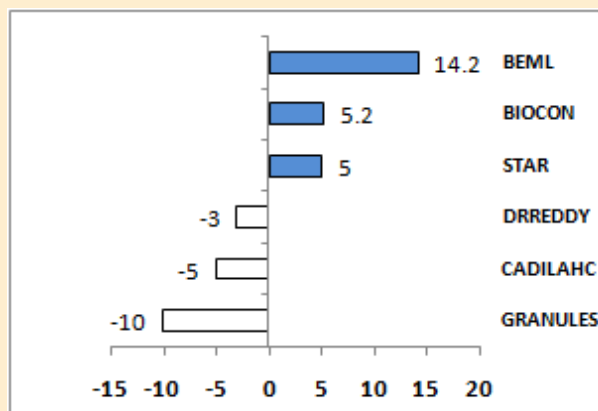
FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	-325	-2229	-12811
DII	97	1721	37084

FII F&O

Institution	Net B/S	OI
Index Future	-173	Unwinding
Index Options	572	Option Long
Stock Futures	-141	Short

Major Price % Change

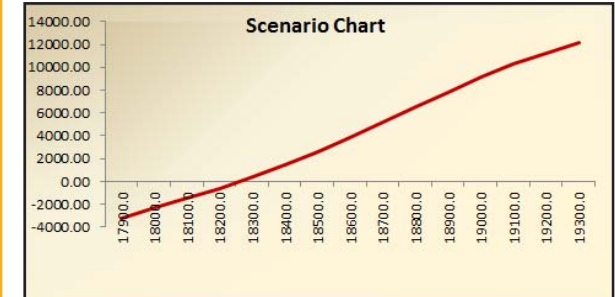


Derivatives Idea

Banknifty

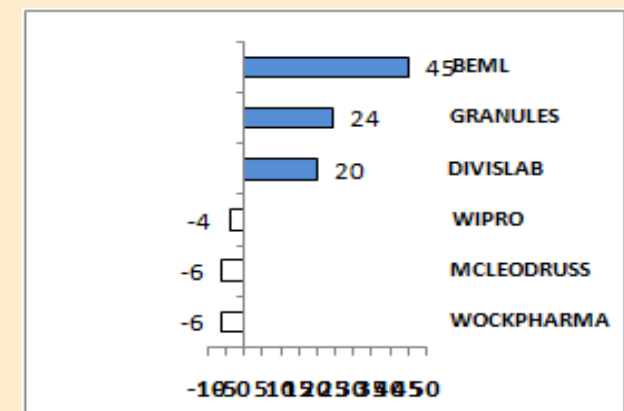
Modified Bull Call Spread

Buy 1 Lot 18600 CE
Sell 1 Lot 19000 CE
Sell 1 Lot 17300 PE



- ✓ Bank Nifty is in Short Unwinding cycle
- ✓ Option indicative band suggests option band of 18000-19000. Unwinding in 18500 CE could accelerate buying momentum towards 19000
- ✓ Considering we are participating rising momentum, Modified Bull Call Spread is recommended

Major OI % Change



Morning Meet Notes

Research Notes

Indusind Bank 3QFY17E preview (CMP -1159, TP - 1405, Rec. - BUY)

- ✓ We expect strong loan/deposit growth of ~25%/~38% YoY in 3QFY17. NIM is likely to remain largely stable QoQ at 3.8-3.9%, led by lower cost of funds. NII is expected at Rs 15.1 bn, up 29% yoy
- ✓ Strong PPP growth at +23% YoY (Rs 13.1 bn) would keep earnings growth strong at 22%+ YoY (Rs 7.1 bn). Gross NPAs to remain stable at 1%
- ✓ IIB trades at 2.9x FY18E BV and 18.5x FY18E EPS, with best-in-class RoA of ~2% and RoE of 17-18%. Maintain Buy
- ✓ Key issues to watch for - Uptick in CV/CE demand would be the key for CFD growth, Corporate asset quality a key monitorable and Traction in the non-vehicle consumer lending portfolio

L&T: Revisiting orders and execution estimates

- ✓ Domestic Engineering & Construction (E&C) is likely to witness a slowdown in execution in 2HFY17 (+12% in 1HFY17) on account of demonetization and continued execution challenges
- ✓ Order inflow guidance at risk; FY18 to see revival: LT's FY17 order inflow growth guidance stands at INR1.55. Slowdown expected in Defense, Power generation and Infrastructure
- ✓ We cut estimates for FY17/18 by 7%/8% to factor in lower order inflows and execution in FY17. Maintain Buy with a revised SOTP-based TP of INR 1,600

Hindalco: A recent turnaround of FCF to get USD110m boost

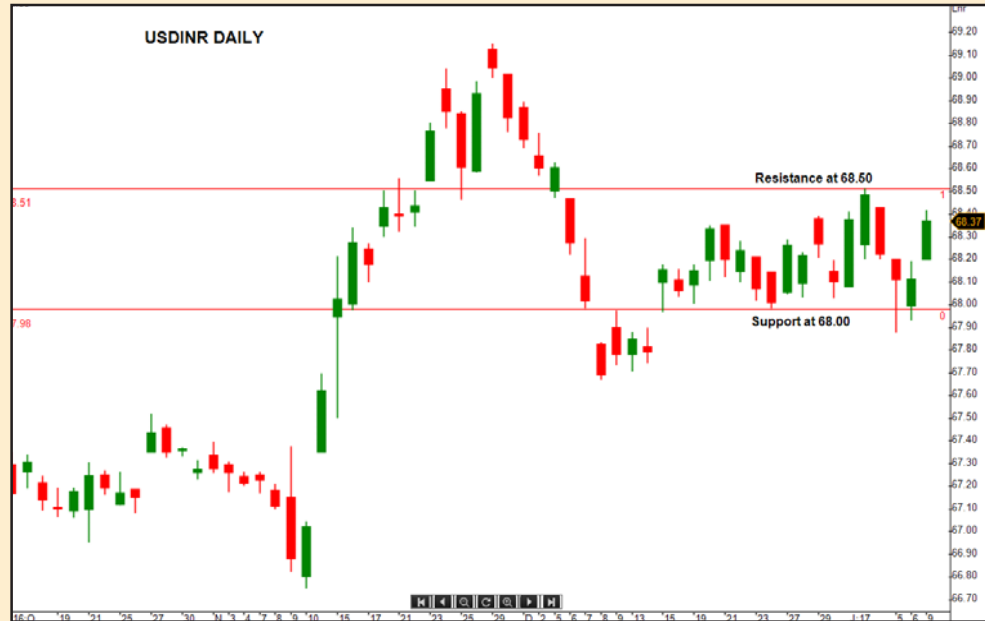
- ✓ Hindalco (HNDL) remains our top pick in the metals and mining sector. Although volume growth is tapering, its commendable achievements in reducing cost of production
- ✓ Downside risk to metal prices is very limited, as all-in aluminum prices are trading close to 10-year low
- ✓ The stock trades at attractive EV/EBTIDA of 5.3x FY18E. We value the stock at INR234, 48% upside. Reiterating Buy

AUTOMOBILES 3QFY17 PREVIEW: Demonetization derails 3QFY17 auto volumes; 2Ws/3Ws/CVs likely to see a decline; PVs relatively well placed

- ✓ We expect the automobile industry's performance in 3QFY17 to be subdued due to the impact of demonetization. We believe 2Ws and 3Ws are likely to be worst hit. We estimate 2W and 3W volumes to decline 4% and 20% YoY, respectively
- ✓ EBITDA margin for our auto OEM (ex-JLR) coverage universe is likely to remain constant YoY (-140bp QoQ) at 13%
- ✓ Our top picks are MSIL and TTMT among large caps, and AL and Amara Raja among midcaps

Currency Ideas

USDINR



- ✓ USDINR (Jan. contract) traded with positive bias for the second straight session closing at 68.37
- ✓ Critical resistance for the pair remains at 68.50 whereas supports are at 68.20 - 68.00 area
- ✓ As long as 68.50 is capped as resistance, sideways consolidation will be seen for short-term
- ✓ For the session, selling on rise is advised

JPYINR



- ✓ JPYINR (Jan. contract) open the previous session with a negative note, but failed to sustain at lower levels and recovered some of its losses closing at 58.60
- ✓ Critical resistance for the pair remains at 58.85 - 58.95 area and sideways-to-negative move will be seen for short-term
- ✓ Immediate support is at 58.35 - 58.25 whereas major support remains at 57.75
- ✓ Selling is advised for the session

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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

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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