

MOST Market Outlook

10th February 2017

Nifty Chart



Trading Idea - Cash & Future

Scrip	Reco	CMP	SL	Target
JAIN IRRIGATION	BUY	96.8	93.5	103

Corporate Action:

GAYAPROJ	Stock Split From Rs.10/- to Rs.2/-
MAYURUNIQ	Interim Dividend - INR - 0.25
TORNTPHARM	Interim Dividend - INR - 10.00

Security in Ban period:

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

Nifty Outlook

Nifty Fut.	R1	R2	S1	S2
8797	8840	8865	8760	8725

'On the daily scale Nifty has forming narrow ranged bodies throughout the week. Though the daily RSI has been reporting an overbought state, the occurrence of consecutive long wicks reiterate the strength in the 8720 support. Therefore the level remains critical for the sequence of higher highs & higher lows on the intraday scale to remain firm until 8720 is held on a closing basis. Only a sustained breach below the 8720 would indicate loss in momentum & push the index lower towards its intermediate supports around 8600.

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
66.97	66.75	66.45	67.05	67.20

The pair is likely to trade in a between resistance at 67.05/67.20 and support at 66.75-66.45.

Sectoral Outlook

Sector	Outlook
ENERGY	POSITIVE
MIDCAPS	NEUTRAL

Trading Idea - Derivatives

STRATEGY : Voltas Ratio Call Spread

Instrument	B/S	Lot	Reco	CMP
23 FEB 350 CE	Buy	1	9.75	9.75
23 FEB 370 CE	Sell	2	4.2	4.2

Target Profit: Rs.10000 SL: Rs. 3000 Hedge above : Rs. 384

Market Drivers

- ✓ Indian markets held ground after seeing some volatility. RBI kept rates unchanged, changed its stance to neutral and this has led to appreciation in INR and bond yield. Consolidation phase for markets could continue. Global cues are positive with US markets seeing good gains. Results continued to be mixed. Hero Moto Corp was above estimate and so was Escorts which reported strong performance. Lupin was in line. Bank of India among the PSU banks was better than expected. Corporate results will be in focus and stock specific action should continue on back of the same. We saw software sector contributing to gains yesterday. Overall, bias remains positive but index could see consolidation.

Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 23-Feb	9000	6327450	72150
Bank Nifty 23-Feb	21000	668880	-172280
Bank Nifty 16-Feb	21000	277960	174400

Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 23-Feb	8500	6074175	-190050
Bank Nifty 23-Feb	19500	751160	-49000
Bank Nifty 16-Feb	20000	172960	102480

Trading Calls

JAIN IRRIGATION

CMP INR 96.8

Buy

Target INR 103



- ✓ 'Breakout from the Inverse Head & Shoulder formation on the daily scale & the pull back towards its neckline provides a good opportunity to add longs
- ✓ Trading longs could be considered with a stop below 93.50 for a pattern target upto 103

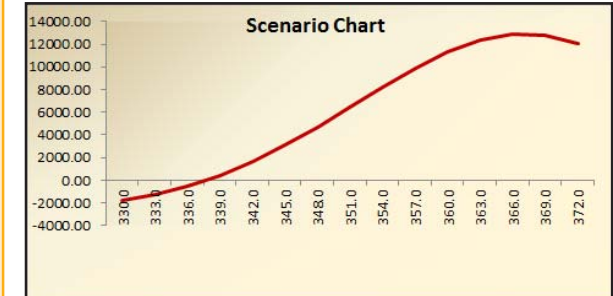
Derivatives Idea

Voltas

Buy 1 Lot 350 CE

Sell 2 Lot 370 CE

Ratio Call Spread



- ✓ Voltas had witnessed strong accumulation in Open interest in Futures in past few trading sessions
- ✓ Put built-up at 330 act as a strong support, while call unwinding at 340 could lead to option triggers. Considering few days to expiry and to benefit from theta decay, Ratio Call Spread is recommended

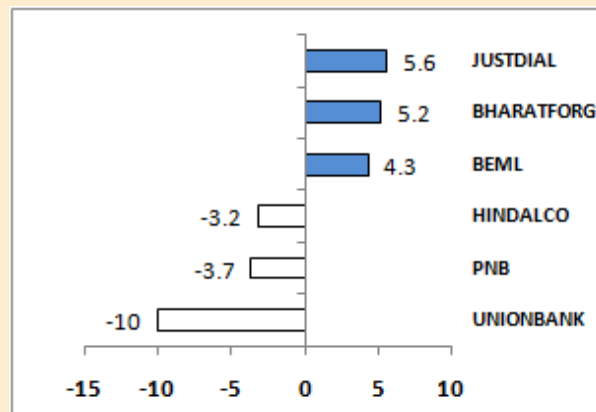
FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	357	582	2454
DII	-380	2503	29495

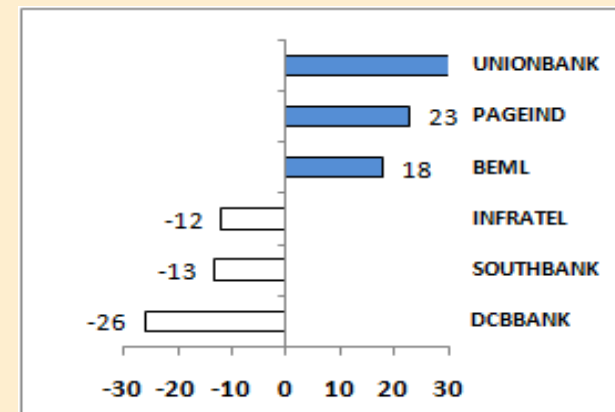
FII F&O

Institution	Net B/S	OI
Index Future	600	Long
Index Options	1373	Long
Stock Futures	-165	Short

Major Price % Change



Major OI % Change



Morning Meet Notes

Research Notes

Page Inds.: (CMP - 14223, TP 16910, Recom. BUY)

- ✓ Net sales grew 19.2% YoY to INR5.28b (est. of INR4.81b). EBITDA rose a healthy 19.6% YoY to INR991m (est. of INR961m), while adj. PAT was up 20.9% YoY to INR629m (est. of INR650m). Volumes up 11%.
- ✓ Maintain Buy with revised TP of INR16,910

ESCORTS: (CMP - 394, TP 469, Recom. BUY)

- ✓ Revenue grew robustly by 23% YoY to INR10,929m (est. of INR10,746m). EBITDA margin expanded strongly by 380bp YoY to 8.4%. EBITDA grew by 124% YoY to INR915m and adj. PAT by 113% to INR550m (est. of INR483m)
- ✓ Expect revenue/PAT CAGR of 13%/57% FY17-19E. Maintain BUY with TP of INR469

HERO MOTOCORP: (CMP - 3264, TP 3190, Recom. Neutral)

- ✓ Net revenue declined 12% YoY to INR63.7b (est. of INR64.3b), volumes down 13% YoY (-19% QoQ)
- ✓ EBITDA margin contracted 60bp QoQ (+130bp YoY) to 17%. PAT was down 3% YoY at ~INR7.7b
- ✓ Valuations are at 16.9/16.2x FY18/FY19 EPS. Maintain Neutral with TP of INR3,190 (16x FY19 EPS)

BOI: (CMP - 137, TP 123, Recom. Neutral)

- ✓ NII up 4% yoy at INR 28.6 bn. Loans degrew 3% YoY. earnings at INR1b (est. of INR242m)
- ✓ GNPLs were flat QoQ, and NNPL declined 7% QoQ. GNPA 13.4% / NNPA 7.1%
- ✓ Cut estimates by 8% each for FY18-19 to factor in higher credit costs. Neutral with TP of INR123

LupIN: (CMP - 1490, TP 1850, Recom. BUY)

- ✓ Revenue grew 26% YoY to INR44.8b. EBITDA up 27% YoY to INR12.2b, with margin of 27%. PAT of INR 6.3b
- ✓ We raise FY17E/18E EPS by 2-3%. Maintain Buy with TP of INR1,850 @ 22x

BPCL: (CMP - 725, TP 778, Recom. BUY)

- ✓ EBITDA at INR33.6b (in-line; +42% YoY, +152% QoQ) due to GRM of USD5.9/bbl and adventitious gain of INR6.6b. Reported PAT at INR22.7b (+53% YoY, +74% QoQ)
- ✓ The stock trades at 12.1x FY19E EPS of INR59.9 and 2.4x FY19E BV. Maintain Buy

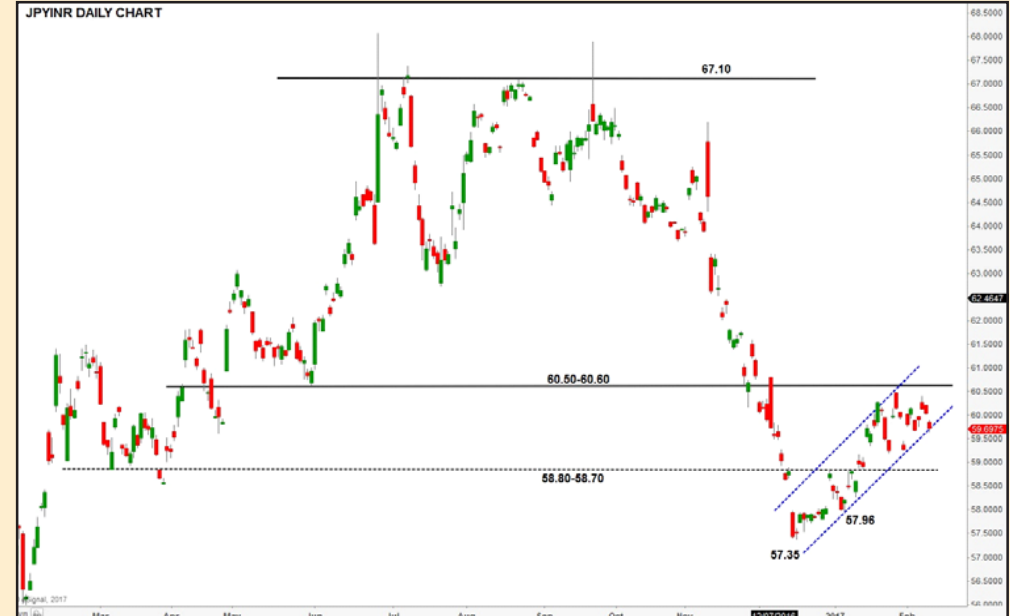
Currency Ideas

USDINR



- ✓ NSE USDINR (Feb. contract) fell and closed below key short-term support at 67.05 after it failed to breach intraday resistance near 67.20 earlier.
- ✓ The pair has declined further on DGCX overnight and is now close to a possible trend line support near 66.75.
- ✓ However, failure to hold the same might result in a further decline towards strong support zone at 66.50-66.45.
- ✓ The short-term bias remains negative as long as the pair holds below 67.20 and a strong reversal is required for a change in trend.

JPYINR



- ✓ NSE JPYINR (Feb. contract) fell and closed near short-term channel support at 59.60 after failing to sustain higher in earlier sessions.
- ✓ The pair is expected to open lower (58.90 as per parity) and could now extend the decline towards support zone at 58.65-58.40 levels.
- ✓ Selling on rallies is thus advised with 59.60 now expected to act as resistance.

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