

Nifty Chart



Nifty Outlook

Nifty Cash	R1	R2	S1	S2
9317	9380	9450	9280	9250

'Nifty experienced a very narrow ranged day. Over last two weeks the index is caught in a range between 9380-9250. This is extreme contraction of volatility. For the day the index needs to move beyond 9340 for a rally towards 9380. On the lower side the support is at 9308 below this there could be a decline to 9270. Nifty continues to trade above 13 period EMA. The trend in the index still remains positive to sideways.

Market Drivers

- ✓ Indian markets ended flattish. US markets closed marginally higher. European markets continued to see gains. Commodity markets is seeing stability. On the domestic front, FIIs were net buyers in cash segment. This is the first time FIIs have been net buyers in May. The results season has generally been good. Godrej Consumer reported better than expected results. ABB reported higher order book growth. Indigo reported a beat on EBIDTA and profitability. Lower crude prices and currency appreciation could keep interest in airline stocks. Infrastructure and capital goods space could continue to see interest. Larsen is better placed to participate in the uptick and remains preferred pick among large caps. Software stocks continued to see pull back with currency showing signs of stability. Overall, positive FII flows, results, stability in commodity markets and sanguine global cues augurs well for the market.

Trading Idea - Cash & Future

Scrip	Reco	CMP	SL	Target
LARSEN	BUY	1745	1715	1800

Sectoral Outlook

Sector	Outlook
Capital Goods	POSITIVE
Banking	POSITIVE

Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 25 - May	9400	5826675	79650
Bank Nifty 25 - May	23000	547600	17280
Bank Nifty 11 - May	23000	943640	232560

Corporate Action:

NA

Security in Ban period:

ADANIANT, BHARATFIN, HDIL, IRB, JSWENERGY, KTKBANK, SYNDIBANK, UJJIVAN

Today Event

India - Trade data

Trading Idea - Derivatives

STRATEGY UPDATE : PETRONET CALL BUTTERFLY SPREAD

Instrument	B/S	Lot	Reco	CMP
PETRONET 430 CE	Buy	1	15.00	14.45
PETRONET 440 CE	Sell	2	10.00	9.70
PETRONET 450 CE	Buy	1	7.50	6.30

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

Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 25 - May	9300	6067275	726600
Bank Nifty 25 - May	22000	904600	-5480
Bank Nifty 11 - May	22000	553120	35600

Trading Calls

LARSEN

Buy

CMP : INR 1745

Target : INR 1800



- ✓ Larsen is in a strong uptrend and we see price sees a flag continuation pattern. The decline from the high is on lower volumes suggesting limited selling pressure. Price is a support of previous swing high and we see a bullish engulfing pattern at the support level.
- ✓ The buyers are now again becoming active in this stock. It is recommended to buy this stock with a stop below 1708 for a target of 1800.

Derivatives Idea

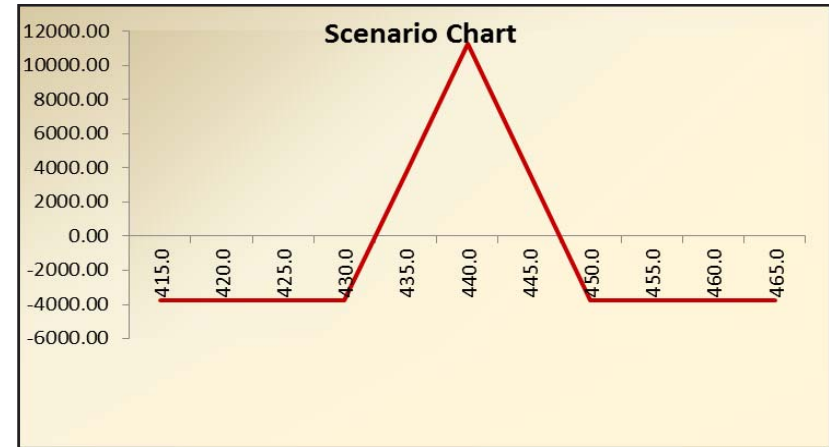
PETRONET

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	333	-1940	13858
DII	17	2260	43994

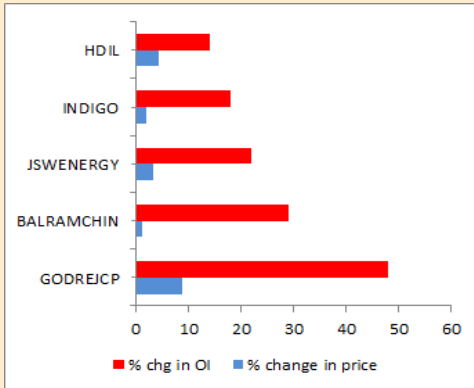
FII F&O

Institution	Net B/S	OI
INDEX FUTURES	-1,083.42	Short Built Up
INDEX OPTIONS	-87.55	Put Writing
STOCK FUTURES	-593.90	Short Built Up

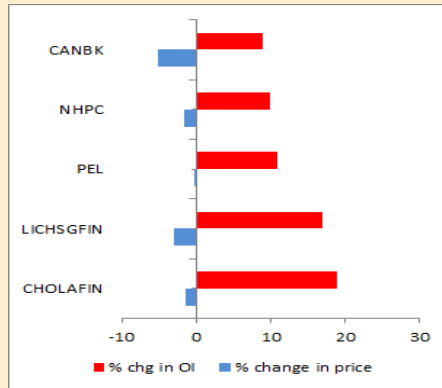
MOST Market Outlook

10th May 2017

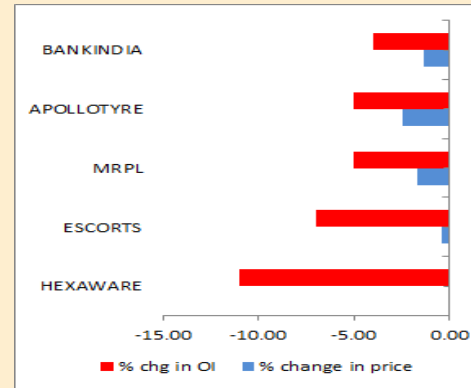
Long Built-up



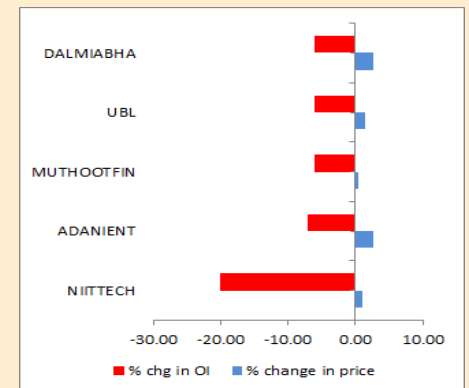
Short Built-up



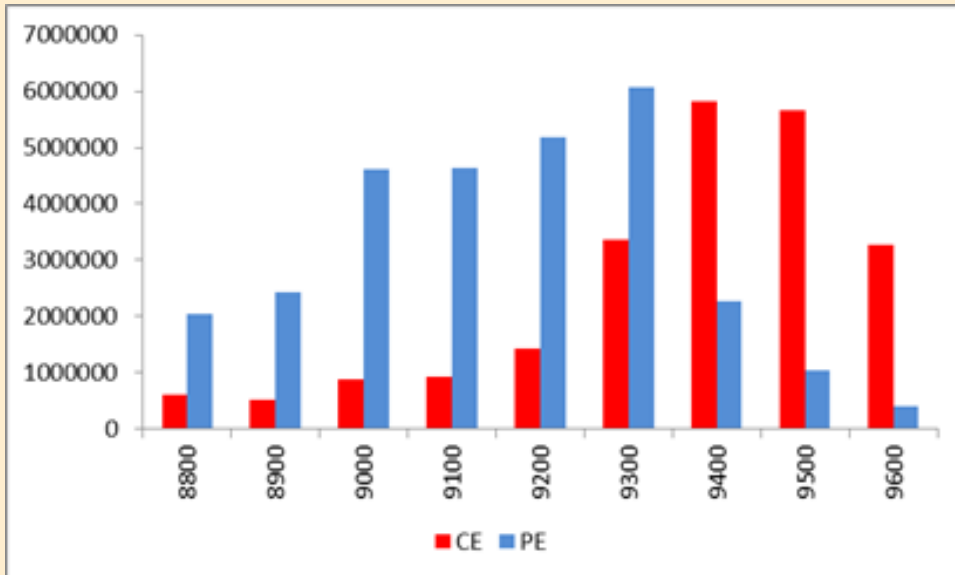
Long Unwinding



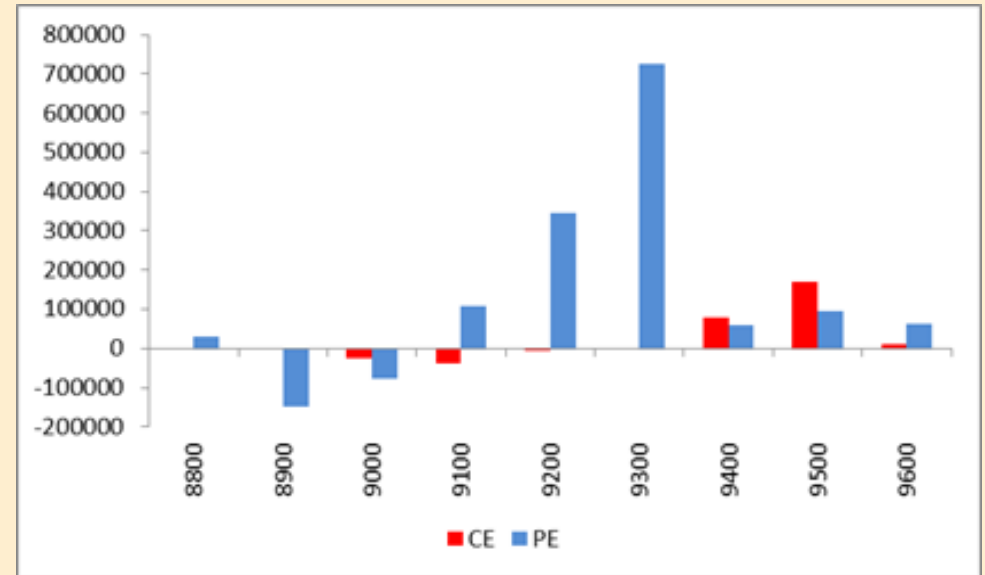
Short Covering



Nifty Option OI



1- Day change in Nifty OI



Morning Meet Notes

Research Notes

Aurobindo Pharma (CMP: INR596, TP: INR900 (+51%, Buy))

- ✓ Unit 4 facility inspected by USFDA April'17, do not see a risk of warning letter, approvals this facility may get delayed by 6 months
- ✓ Injectables sales (US) est at ~USD150m in FY17, plant accounts for 35 of the 40 total pending injectables ANDAs
- ✓ Due to delay in approval, sales loss would be USD45m @ 35% EBITDA margins (v/s consol. margins of ~23.5%).
- ✓ US government proposed to lower the corporate tax rate from 35% to 15%. If the tax rate in the US comes down to 15%, company will save >INR1b in FY17/18E (EPS of ~INR1.8-2).
- ✓ At CMP, ARBP trades at ~15x FY17E, which is at >25% discount to peers. Assuming the impact of delay in approvals, our FY18 EPS estimate will come down by ~2.5%. We maintain our TP of INR900@ 18x 1HFY19E PER

Company	Sales	% Y/Y	EBITDA	% Y/Y	PAT	% Y/Y	Rationale	Comments
Bharti Infratel	35.2	10.6	15.7	7.5	6.0	-17.0	BUY/435/l	1. Consolidated rev +11% YoY (+4% QoQ) , Rental revenue remained steady at +7% YoY, Consolidated EBITDA margin expanded ~110bp QoQ to 44.7% (~120bp beat), led by a 325bp jump in energy margin to 10.7% 2. expect revenue/EBITDA CAGR of 10% over FY17-19, k trades at EV/EBITDA of 9x on FY19E, 6-7% FCF yield
Godrej Consumer	23.8	11.8	5.4	19.5	3.8	21.4	Neutral/1950/A	1. Dom branded vol +5% YoY, india business +10% YoY, Household Insecticides +4% YoY , Soaps +9% YoY, Hair color sales +13% YoY 2. At 38.6x March 2019E EPS, the stock appears fairly valued
Interglobe	48.5	18.5	13.3	-11.2	4.4	-24.0	Neutral/1234/A	1. Higher-than-expected yield in a seasonally lean 4Q and lower fuel cost resulted in a better operating performance, order for 50 ATR 72- 600 aircraft, foray into regional markets, raised its fleet guidance for FY18 to 170 from 154 2. ASK growth of 25% YoY for FY18, value Indigo at 14x FY19E EPS, 8% upside

Upcoming Economic Events Calendar

	8-May-17	9-May-17	10-May-17	11-May-17	12-May-17
India			Trade Data		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
	29-May-17	30-May-17	31-May-17	1-Jun-17	2-Jun-17
India			Fiscal Deficit, GDP	Manufacturing PMI	
UK				Manufacturing PMI	
US		Personal Income and spending	MBA Mortgage Application	Non-farm Productivity, Initial Jobless Claims	Change in Private Pay Roll, Unemployment Rate
	5-Jun-17	6-Jun-17	7-Jun-17	8-Jun-17	9-Jun-17
India	Service and Composite PMI		RBI Rate decision		Trade Balance
UK					
US	Service PMI, Composite PMI, Factory Orders		MBA Mortgage Application	Initial Jobless Claims	

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

MOST Market Outlook

10th May 2017

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