

# MOST Market Outlook

10th, August 2016

## Nifty Chart



## Nifty Outlook

Nifty Fut.	Reco.	MBP	SL	TGT
8702	BUY	8700	8610	8840

'Nifty maintained its tail above 8650 & retained its bullish bias. A breach above 8750 would reinstate the bullish momentum until then it could remain consolidative with a positive bias. A trail stop strategy shall be adhered with a stop at 8580 for momentum longs.

## Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
67.02	66.95	66.75	67.15	67.30

Range bound trading within 66.95 - 67.30 could continue till a clear trend is witnessed.

## Sectoral Outlook

Sector	Outlook
OIL&GAS	Positive
IT	Positive

## Market Drivers

- ✓ Markets took a breather in last session post unchanged monetary policy announcement by RBI. Breadth of the market favored decliners more than advancers. PSB's, Realty and Media stocks found some buying traction. On earnings front SRF, Lupin, Prism Cement and JK Cement reported good set of 1QFY17 numbers while BATA INDIA earnings disappointed whose revenue declined (-1.5%) YoY and outlook for FY17 remains muted. We have downgraded the stock rating to 'Sell'. Overseas, U.S. stocks closed slightly higher on Tuesday where Gains in health-care and consumer-staples stocks were offset by losses in energy and materials sectors, weighed down by the drop in oil prices. This week markets will focus on PSB's update on 1QFY17 earnings where fresh slippages will be closely monitored by participants.

## Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 25-Aug	9000	5854800	182850
Bank Nifty 25-Aug	19500	588280	64760
Bank Nifty 11-Aug	19500	509480	198640

## Trading Idea - Cash & Future

Scrip	Reco	MBP	SL	Target
TECHM	BUY	503	485	550

## Trading Idea - Derivatives

### STRATEGY - ONGC Call Ladder Spread

Instrument	B/S	Lot	Reco	CMP
25 Aug 230 CE	Buy	1	4.30	5.00
25 Aug 240 CE	Sell	1	1.85	2.20
25 Aug 250 CE	Sell	1	0.95	0.95

Target Profit : INR21350 (B/W 240-250) SL:3650 , Hedge : Abv 258

## Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 25-Aug	8500	5520000	-105300
Bank Nifty 25-Aug	18500	531160	104880
Bank Nifty 11-Aug	18500	505240	125200

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## Trading Calls

**TECHM**

MBP INR 503

**Buy**

Target INR 550



- ✓ 'Occurrence of Engulfing Bullish on the weekly scale indicates a reversal in place & longs shall be added with a trading stop below 485 for an immediate target upto 520 followed by 550

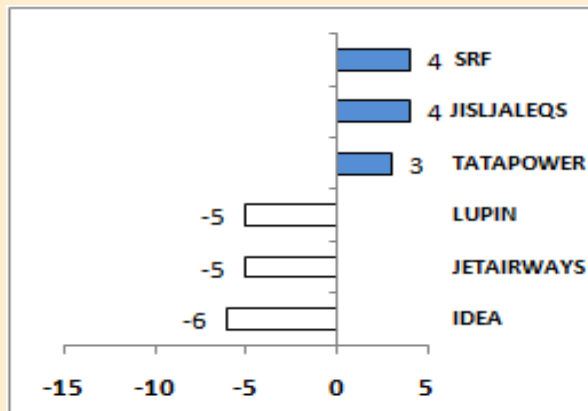
## FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	144	4136	-21617
DII	-610	-2995	39888

## FII F&O

Institution	Net B/S	OI
Index Future	156	Long
Index Options	838	Put Long
Stock Futures	-1122	Short

## Major Price % Change



## Derivatives Idea

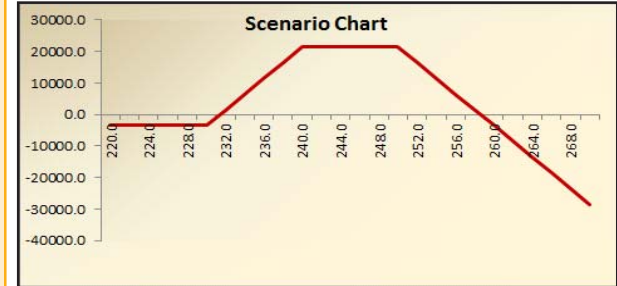
**ONGC**

Buy 1 Lot 230 CE

Sell 1 Lot 240 CE

**Call Ladder Spread**

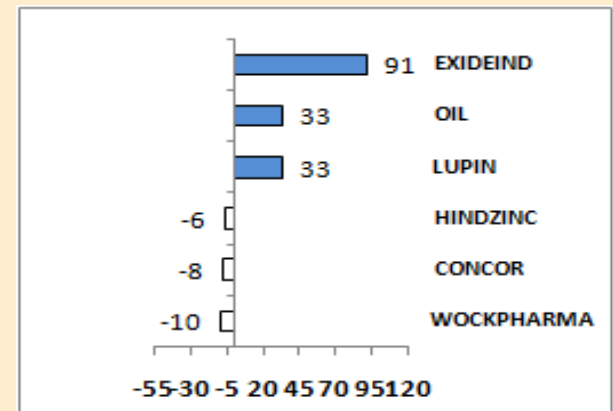
Sell 1 Lot 250 CE



Target Profit : 21350 ( B/w 240-250) SL : 3650

- ✓ Positive sector outlook along with long built in Ongc
- ✓ Unwinding in OTM Call option could augur well for upside momentum
- ✓ Considering stable volatility and to benefit from theta decay, Call Ladder Spread is recommended

## Major OI % Change



## Morning Meet Notes

### Research Notes

✓ **Monetary Policy:** RBI Kept Rates Unchanged. Projected GDP 7.60%, Inflation 4%-5%

### Results

Company	Sales	% Y/Y	EBITDA	% Y/Y	PAT	% Y/Y	Rationale	Comments
SRF	12.2	0	2.8	25.5	2	24	BUY/1815/l	1. Chemicals +11.5% YoY, TT & Pack -5.6% & -5.2%, on lower realizations, Short term pain in global agri chem to continue, focussing on pharma pie 2. ~350cr capex in chemicals and chloromethanes by Dec 2017 3. Expect 20% PAT CAGR FY16-18E, value at 17x FY18E EPS (15% upside)
BATA	6.7	-1.5	0.8	-0.5	0.5	6.3	SELL/446/B	1. Lost 3-4 % market share, looking to increase online sales from 1.5% to 5% over next few yrs , Margin declined 1.7% 2. Plans to reduce non performing stores, 150 stores on franchise model 3. cut rev/PAT est by 9%/17% FY17 & by 14%/23% FY18, trades at 37x FY18E EPS , value at 30x FY18E EPS (19% downside)
JK cement	9	9.2	1.7	95	0.6	-	BUY/869/l	1. Grey cement 3% YoY, white 25% YoY, vol: Grey cem +1.4%, white +25% YoY, realisation +8% QoQ, Blended EBITDA/ton at INR879 (+11% QoQ, -5% YoY) 2. Guided grey vol of 7.5mt & white vol of 1mt for FY17, target price of INR869 (EV of USD104/ton on blended capacity)
Lupin	44.4	41	13.1	60	8.8	56	Buy/1850/l	1. Margins at 29.5% were 300bp below est (lower sales of gGlumetza); PAT in--line (lower tax) 2. Expect strong growth from 4QFY17 - good launch pipeline in 2H, launch of Gavis' p[products, resolution of Goa plant 3. PAT CAGR of 26%; Trades at 20x FY18

## Currency Ideas

### USDINR



- ✓ USDINR continues to trade in a narrow range of 66.95 - 67.30 for the past one week
- ✓ Either side sustained trade of this range could provide further clear direction
- ✓ Rise above 67.30 could continue the pullback towards 67.40 - 67.50 whereas breach below 66.95 could continue the prior bearish trend
- ✓ Range bound trading could continue till a clear trend is witnessed

### GBPINR



- ✓ GBPINR traded in a narrow range and has closed near 87.10 levels
- ✓ Even though the short-term trend is still weak, lack of momentum in GBPUSD suggests a bounce back towards 87.5-87.80 zone
- ✓ It has strong intraday supports at 87.00 / 86.80 whereas 87.55 / 87.80 may act as intraday resistances
- ✓ As long as 86.80 is held, dip buying is advised

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