

MOST Market Outlook

12th January 2017

Nifty Chart



Nifty Outlook

Nifty	R1	R2	S1	S2
8387	8425	8458	8370	8330

'Breach above 8300 with a Gap could qualify as a Runaway Gap as the index maintains its bullish sequence for 12 consecutive days. The ongoing momentum could extend towards 8450 while a breach below the recent gap at 8320 would distort the momentum & remains a trail stop for trading longs.

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
68.48	68.20	68.00	68.50	68.85

Price sustained trade above 68.50 will lead the move towards 68.85 - 68.95 area.

Sectoral Outlook

Sector	Outlook
ENERGY	POSITIVE
BANKS	NEUTRAL

Market Drivers

- ✓ Indian markets saw a smart rally led by banks and metals. Global cues, news flow on steel, better than expected results helped the market gain traction. Software heavyweights will announce numbers this week. Statements from Trump about repealing and replacing Obama care affected pharma stocks in US. We could see some negative implications for Indian pharma companies. Given the continued underperformance by the sector, not much price damage is expected though. From a flows front, DIIs continued to be buyers. Overall the domestic market could continue to see positive bias with Nifty having sustained above the 200 DMA.

Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 25-Jan	8400	5064375	-143475
Bank Nifty 25-Jan	19000	1053120	-123600
Bank Nifty 12-Jan	19000	880600	642800

Trading Idea - Cash & Future

Scrip	Reco	MBP	SL	Target
POWERGRID	BUY	190	185	200

Trading Idea - Derivatives

STRATEGY : DHFL Ratio Call Spread

Instrument	B/S	Lot	Reco	CMP
25 JAN 270 CE	Buy	1	4.6	6.9
25 JAN 280 CE	Sell	2	2.4	3.5

Target : Rs.11000 SL : Rs3500 Hedge: Buy future above Rs.285

Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 25-Jan (imm)	8200	5632875	905175
Bank Nifty 25-Jan	18000	773680	360
Bank Nifty 12-Jan	18600	825280	811080

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Trading Calls

POWERGRID

MBP INR 190

Buy

Target INR 200



- ✓ 'Positive sector outlook. Occurrence of the 'Bullish Hammer' marked the end of the correction & confirmed the reversal
- ✓ Breakout post the pattern augurs well for a steady upmove in the coming weeks
- ✓ Trading longs can be deployed with a stop below 185 for a target upto 200

FII & DII Activity (Rs. in Cr)

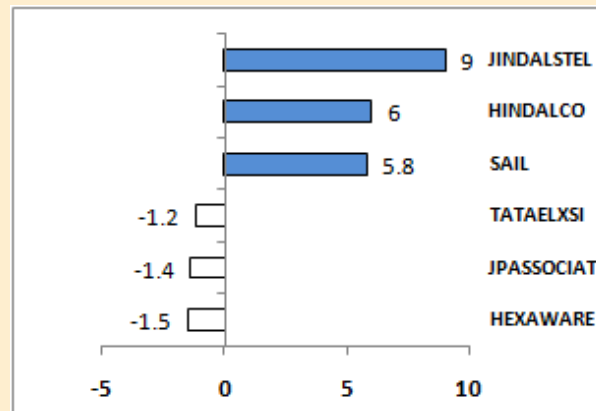
Cat.	Amt	MTD	YTD
FII	-627	-2878	-13460
DII	1116	3091	38454

FII F&O

Institution	Net B/S	OI
Index Future	744	Long
Index Options	1044	*Synthetic long
Stock Futures	1650	Long

*Synthetic long - Long Call + Short Put

Major Price % Change



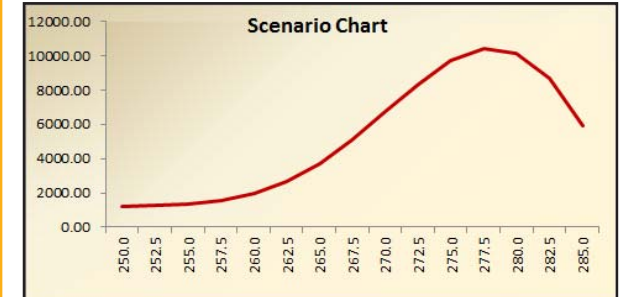
Derivatives Idea

DHFL

Buy 1 Lot 270 CE

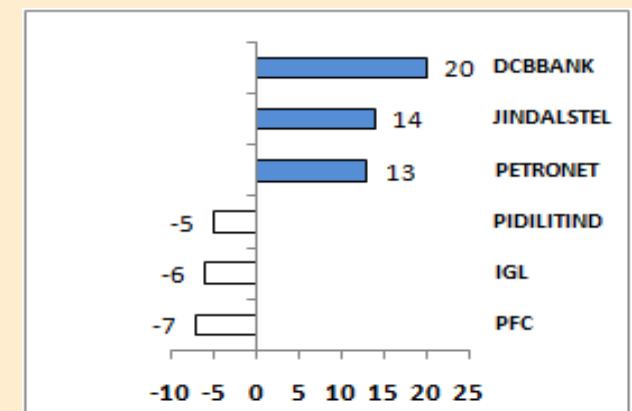
Sell 2 Lots 280 CE

Ratio Call Spread



- ✓ DHFL is in short covering cycle
- ✓ Proximity to highest call congestion at 270 and aggressive covering in 260 CE could further fuelled the momentum
- ✓ In order to gain from theta decay and to benefit from stable volatility; Ratio Call Spread is recommended

Major OI % Change



Morning Meet Notes

Research Notes

Healthcare: 3QFY17 preview. Pricing pressure in the US to keep growth under check

- ✓ Expect sequentially flat EBITDA growth due to higher remediation expenses
- ✓ In US business, Glenmark to report better results. Aurobindo to report stable performance while Lupin and Sun to see decline
- ✓ Top picks - Aurobindo, Sun Pharma and Granules

Gruh Finance: 3QFY17 preview (CMP 334, TP 333, Rec. Neutral)

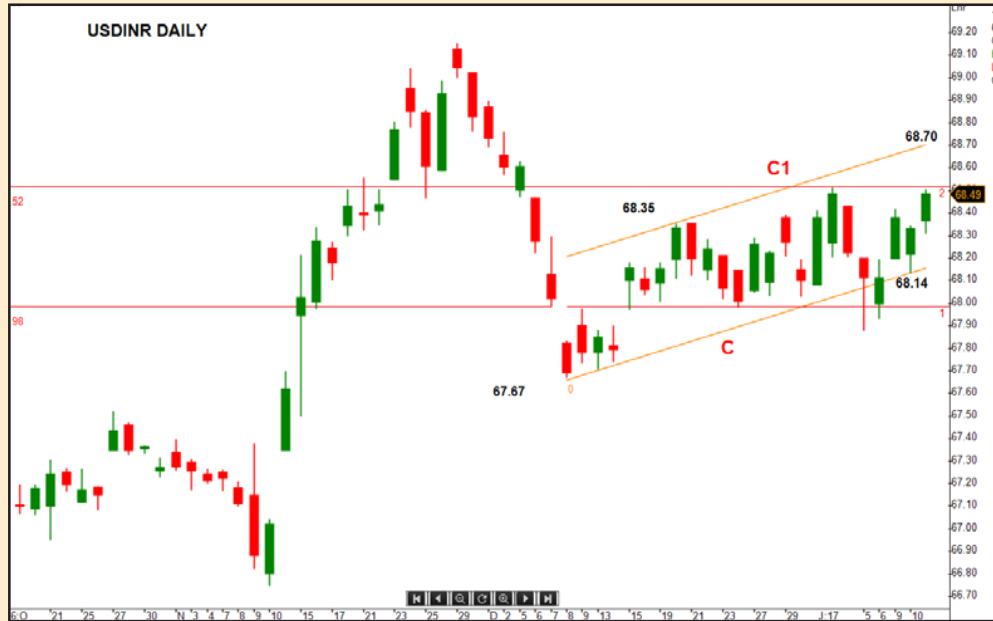
- ✓ Loan growth to moderate 15% YoY growth. Stable Margins. Lower provisioning to boost to Rs 640 mn (up 19% YoY)
- ✓ Stock trades at 11.6x FY17E and 9.5x FY18E BV. Maintain Neutral

TCS: 3QFY17 PREVIEW (CMP 2324, TP 2379, Rec. Neutral)

- ✓ Dollar revenue USD 4363 mn. Rupee revenue of Rs 294 bn (up 8% yoy)
- ✓ EBIT margin estimate stands at 25.5% QoQ (-50bp QoQ). PAT exp. at Rs 62.5 bn (down 5% qoq)
- ✓ Stock trades at 17.8x FY17E and 16.1x FY18E earnings. Neutral

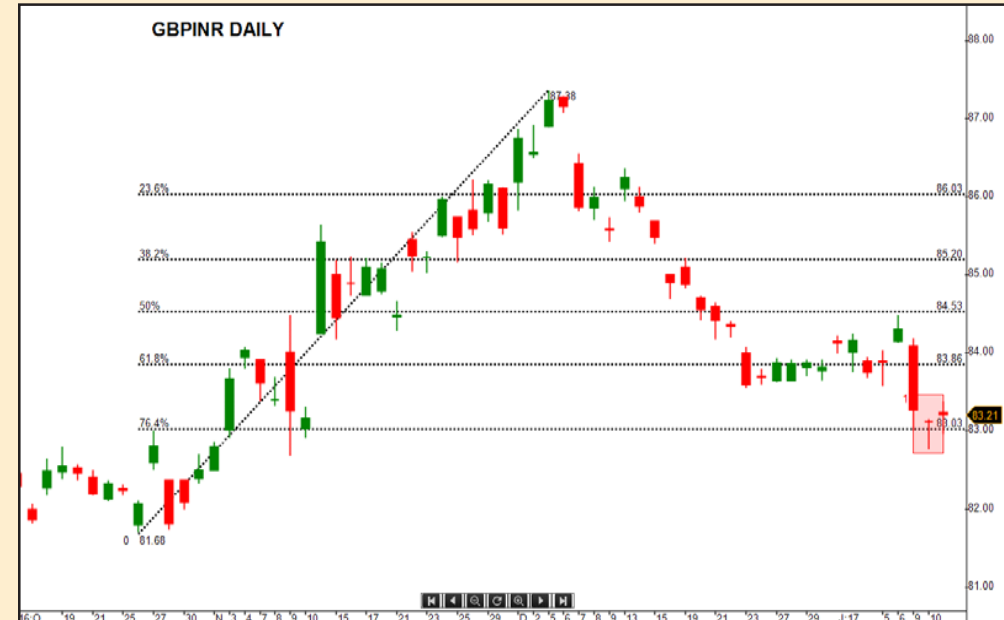
Currency Ideas

USDINR



- ✓ USDINR (Jan. contract) traded in a sideways with positive bias in the preceding session closing at 68.48
- ✓ Critical resistance for the pair remains at 68.50 whereas supports are at 68.20 - 68.00 area
- ✓ Price sustained trade above resistance will confirm positive move and will lead the move towards 68.85 - 68.95 area
- ✓ Buying only sustained trade above resistance will be advised

GBPINR



- ✓ GBPINR (Jan. contract) has critical support zone around 83.00 - 82.80 of 76.4% retracement, closing previous session marginally positive at 83.22
- ✓ Short-term pullback looks possible as long as supports are held
- ✓ Resistances are placed at 83.65 - 83.85 and price sustained trade above the same will confirm short-term reversal towards 84.50
- ✓ Buying is advised for the session

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