

MOST Market Outlook

12th, May 2016



Nifty Outlook

Nifty Fut.	Reco.	MBP	SL	TGT
7865	BUY	7835	7780	7930

'Nifty held on to the 'Run Away Gap' support area near 7700 & saw a strong rebound. Hence the ongoing upmove would only be stalled below 7700. A close above 7800 confirms the reversal pattern & further longs could be added with an expectation of a breach above 8000.

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
66.81	66.65	66.50	67.15	67.20

Selling on rise is advised, but downside for the pair too looks limited around 66.50 which remains strong support level for short term.

Sectoral Outlook

Sector	Outlook
AUTO	Positive
BANKS	Positive

Outlook

- ✓ Indian markets ended modestly lower affected by concerns over impact of amendment in DTAA with Mauritius. FIIs were net sellers in both cash and index futures. DII action however was supportive. They were significant net buyers. Cement, auto sector continued to do well. Zee saw smart gains post results. Among results, Asian Paints reported a beat on margins and revenue though profit came in below estimates. Bankruptcy bill got cleared by Rajya Sabha which will be positive for banks from a sentiment perspective. Crude prices hit six month high which should help upstream companies. Overall bias for the market continues to be positive.

Trading Idea - Cash & Future

Scrip	Reco	CMP	SL	Target
HERO MOTOCORP	BUY	2965	2880	3160
JUBLFOODS	SELL	1169	1205	1060

Trading Idea - Derivatives

STRATEGY - Nifty Call ladder spread

Instrument	B/S	Lot	Reco	CMP
May 7900 CE	Buy	1	82	82
May 8100 CE	Sell	1	22	22
May 8200 CE	Sell	1	10	10

Target Profit : 11250 Stop Loss : 3750

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Trading Calls

HEROMOTOCORP CMP INR 2965
Buy Target INR 3160



- ✓ 'Positive sector outlook & rebound from the immediate support
- ✓ Occurrence of a 'Bullish Hammer' re-confirmed the support zone
- ✓ Stock could be accumulated with a stop below 2880 with an expectation of a move back towards 3160

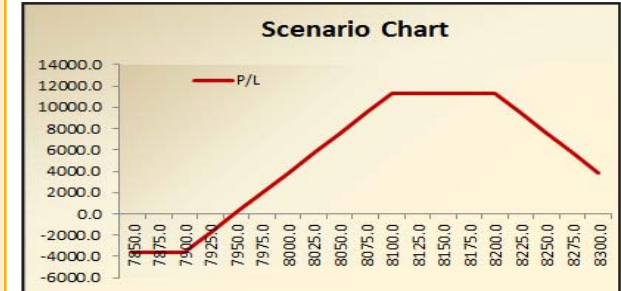
JUBLFOODS CMP INR 1169
Sell Target INR 1060



- ✓ 'Mature continuation pattern on the daily scale exhibits weakness to persist
- ✓ Breakdown below 1130 will accelerate the momentum
- ✓ Shorts could be initiated with a stop at 1205 for a target upto 1060

Derivatives Idea

Nifty Buy 1 Lot 7900 CE
 Call ladder spread Sell 1 Lot 8100 CE
 Sell 1 Lot 8200 CE



- Target Profit : 11250 Stop Loss : 3750**
- ✓ Nifty is trading in option indicative band of 7700-8000. India VIX- too is trading in band of 15%-18% depicting consolidation
 - ✓ Unwinding in OTM Calls could propel momentum on higher side. Considering bullish outlook and to benefit from theta decay, Call Ladder Spread is recommended

FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	-362	-557	-50394
DII	730	1876	66497

FII F&O

Institution	Net B/S	OI
Index Future	-962	Unwinding & Short
Index Options	1145	Put Long
Stock Futures	1072	Short

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- ✓ Rajya Sabha cleared the bankruptcy bill and approves Budget for 2016-17
- ✓ FIPB to consider 12 proposals including Aurobindo on May 20
- ✓ Data today: March IIP est. 2.5% (prior +2%), April CPI est. 5.05% (prior 4.83%)
- ✓ Reliance Industries: Reliance Jio charging 88% less than competitors for prepaid data services

	Sales	% Y/Y	EBITDA	% Y/Y	PAT	% Y/Y	Rationale	Comments
Alstom T&D	971.5	-28.6	85.0	-18.5	29.9	-45.0	BUY\430/B	1. Topline degrew due to realignment of revenue recognition milestones and phasing of project and export sales 2. Order book down 2%; inventory and receivables deteriorate. 3. Lower estimate by 13/7 % for 17/18; cut target price
Asian Paints	3919.2	12.3	651.7	26.5	408.8	40.1	NEUTRAL\860\I	1. Domestic decorative paints volume grew 13% 2. Gross margin at 48.3%; lifetime high; due to benign input costs. 3. Rural India is growing faster in paints. 4. At 36XFY18 EPS the stock remains expensive.
Kotak	18.6	65	11.9	39	7	32	Buy/863/A	1. PAT beat of 17%; GNPA stable at 2.3%; CASA at 38% vs. 34% YoY 2. Kotak+ING ROE to rise fm 11% to 15% in FY18; Upgrade est by 4%, Upgrade to Buy 3. EPS CAGR of 34% over FY16-18; Trades at P/B of 3.1x FY18

Currency Ideas

USDINR



- ✓ Gap up opening was seen in USDINR in the previous session, but the pair failed to sustain at higher levels and turned lower closing with a negative note at 66.81 with strong volume.
- ✓ Now, 67.15 - 67.20 zones will act as critical resistance level and bias looks weak for the session.
- ✓ Selling on rise will be advised, but downside for the pair too looks limited around 66.50 which remains strong support level for short term.

GBPINR



- ✓ GBPINR has strong support at 96.15 - 96.00 levels and short covering could be seen for the session as long as price holds above support.
- ✓ Price break above immediate resistance of 96.80 will lead the rally towards 97.10 - 97.35 levels.
- ✓ Buying is advised for short term, but downside for the pair will resume if price break below support level.

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