

# MOST Market Outlook

14th February 2017

## Nifty Chart



## Trading Idea - Cash & Future

Scrip	Reco	CMP	SL	Target
EXIDEIND	BUY	215.5	209	230

## Corporate Action:

**Interim Dividend** - BHEL INR - 0.80, CARBORUNIV INR - 1.00, CARERATING INR - 6.00, CREATIVE INR - 10.00, GESHIP INR - 3.60, IMFA INR - 10.00, MRF INR - 3.00, ORBTEXP INR - 2.00

**Special Dividend** - REDINGTON INR - 2.00

**Bonus issue** - ISHANCH 1:2, ORBTEXP 1:1

## Security in Ban period:

BANKINDIA, CEATLTD, HDIL, IFCI, JINDALSTEL, JPASSOCIAT, ORIENTBANK, RCOM, UNIONBANK, WOCKPHARMA

## Nifty Outlook

Nifty Fut.	R1	R2	S1	S2
8814	8888	8969	8720	8650

'Nifty witnessed buying interest was seen on decline which took it back above 8800. Though the daily RSI has been reporting an overbought state, the occurrence of consecutive long wicks reiterates the strength in the 8720 support. Therefore the level remains critical for the sequence of higher highs & higher lows on the intraday scale to continue. Only a sustained breach below the 8720 would indicate loss in momentum & push the index lower towards its intermediate supports around 8600 while a hold above 8820 may extend this rally towards 8888.

## Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
67.11	66.90	66.75	67.20	67.55

The pair is likely to trade between resistance at 67.20 and support at 66.90 - 66.75.

## Sectoral Outlook

Sector	Outlook
PRIVATE BANK	POSITIVE
MIDCAP	POSITIVE

## Trading Idea - Derivatives

### STRATEGY UPDATE : Infy Modified Bull Call Spread

Instrument	B/S	Lot	Reco	CMP
23 FEB 980 CE	Buy	1	12	17.6
23 FEB 1000 CE	Sell	1	6.5	9.3
23 FEB 920 PE	Sell	1	3.5	2

Target Profit: Rs.6000 SL Rs.2600 Hedge below: Rs. 930

## Market Drivers

- ✓ Domestic market continued to remain range bound. Sectors like private banking, auto took lead. Eicher, Yes Bank, Kotak Bank, Mahindra were among the gainers. Post results weakness was seen in stocks like BoB, Idea and Aurobindo. Infosys saw gains despite concerns persisting. Among results, Britannia and Petronet reported a beat. Metals continued to rally globally and we could see similar trends in the Indian market as well. Overall Nifty has been in a range. Move above 8820-8850 could trigger further momentum.

## Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 23-Feb	9000	7078050	187125
Bank Nifty 23-Feb	21000	691160	-31800
Bank Nifty 16-Feb	20500	542840	98680

## Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 23-Feb	8500	5766150	-382425
Bank Nifty 23-Feb	19500	666840	-84880
Bank Nifty 16-Feb	20000	434120	187480

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## Trading Calls

**EXIDEIND**

**Buy**

CMP INR 215.5  
Target INR 230



- ✓ It has given the highest daily close and recorded a fresh life time high levels
- ✓ Positive momentum with rising volumes could continue its up move towards 230 and higher levels

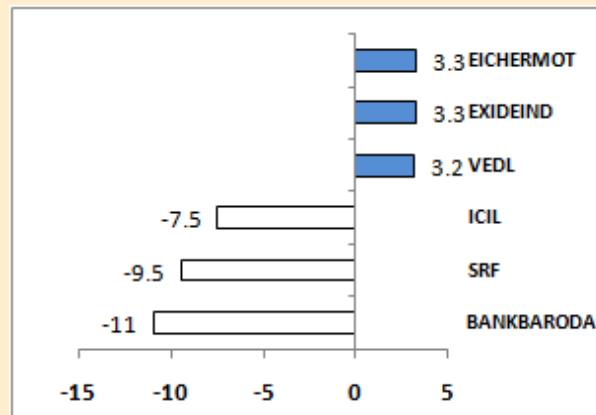
## FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	307	1393	3265
DII	-172	2107	29099

## FII F&O

Institution	Net B/S	OI
Index Future	754	Long
Index Options	178	Long
Stock Futures	-393	Short

## Major Price % Change

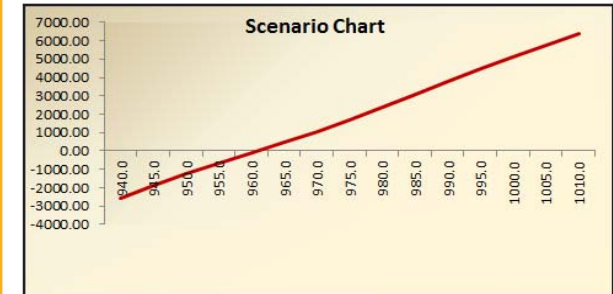


## Derivatives Idea

**Infy**

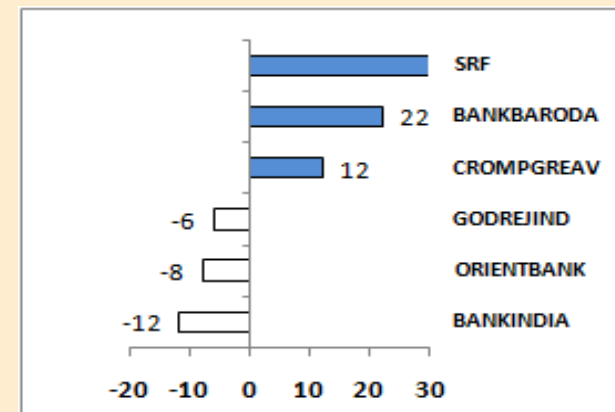
**Modified Bull Call Spread**

Buy 1 Lot 980 CE  
Sell 1 Lot 1000 CE  
Sell 1 Lot 920 PE



- ✓ Infy is in Long- Long unwinding cycle
- ✓ Positive sector outlook along with upward shift in option band augurs well for an upside momentum. Further unwinding in 960 and 980 CE could lead to an option trigger
- ✓ Considering approaching expiry and to benefit from theta decay, Modified Bull call Spread is recommended

## Major OI % Change



## Morning Meet Notes

### Research Notes

#### **NMDC: (CMP - 145, TP 179, Recom. BUY)**

- ✓ Volumes were up 25% QoQ/39% YoY to 10.1mt. Net Sales at INR24.9bn (up 64%), EBITDA up 72% QoQ/121% YoY to INR14.2b. PAT was up 45% QoQ/57% YoY to INR10.3b
- ✓ EBITDA CAGR of ~33% over FY16-18E. Stock trades at 4.7x FY18E EV/EBITDA. Reiterate BUY

#### **Hindalco: (CMP - 185, TP 240, Recom. BUY)**

- ✓ Net Sales up 14% YoY to INR93.1bn. EBITDA of INR11.8b (+2% QoQ/+76% YoY) vs exp INR12.9b. Adj. PAT was INR3.2b. Volumes up 6% YoY.
- ✓ We increase EBITDA by ~2% for FY18E/19E. Trades at 5.3x EV/EBITDA. Reiterate BUY

#### **Nalco: (CMP - 66, TP 83, Recom. BUY)**

- ✓ Net Sales up 22% YoY to INR19.9 bn. EBITDA of INR2.8b (+8% QoQ/22% YoY). Volumes growth was lower at 7% QoQ to 311kt (up 9% YoY). PAT was up 40% QoQ/71% YoY to INR1.7b
- ✓ We expect metal production to increase from 372kt in FY16 to 448kt by FY18E. Increasing EBITDA by ~9% for FY18/19E. Trades at 4.6x EV/EBITDA. Reiterate BUY

#### **Petronet LNG: (CMP - 382, TP 460, Recom. BUY)**

- ✓ Net Sales up 22% YoY INR62.9 bn. EBITDA rose 92% YoY to INR6.1b (est. of INR5.3b), mainly led by higher volumes. PAT rose 123% YoY to INR4.0b (est. of INR3.3b).
- ✓ The stock trades at 14x FY18E EPS of INR26.9. Reiterate Buy TP INR460

#### **IDEA: (CMP - 107, TP UR, Recom. UR)**

- ✓ EBITDA declined 24% QoQ to INR21.7 bn. EBITDA margin of 25% (-550bp QoQ). Idea reported a net loss of INR3.8b for the first time since its listing.
- ✓ Expect voice/data segment to decline 5%/16% QoQ in 4QFY17. FY17E/FY18E EBITDA decline of 24%/5%

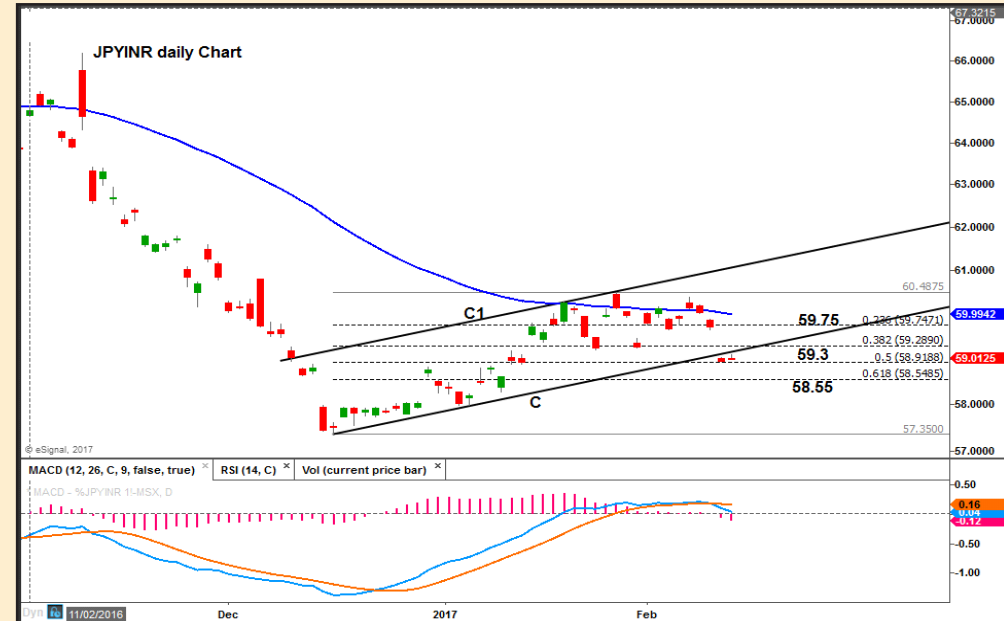
## Currency Ideas

### USDINR



- ✓ USDINR (Feb. contract) remains weak as long as 67.20 curtain the higher side. Higher resistance is placed at 67.55 marks.
- ✓ Strong short-term support is at 66.75 followed by 66.55 - 66.45 zone.
- ✓ Selling on rise is advised.

### JPYINR



- ✓ JPYINR remains weak as long as 59.75 curtain the higher side.
- ✓ Price has retraced 50% of its previous rise from 57.35 to 60.50.
- ✓ Strong short-term resistances are now at 59.30 / 59.75 whereas 58.90 / 58.55 are expected to provide supports.
- ✓ Selling on rise is advised for the day as long as 59.60 curtain the higher side.

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