

MOST Market Outlook

15th February 2017

Nifty Chart



Nifty Outlook

Nifty Fut.	R1	R2	S1	S2
8806	8845	8888	8720	8650

'Nifty remained consolidative and witnessed a marginal decline during the day as it failed to cross its multiple hurdle of 8820. 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 and a breach below 8720 would indicate loss in momentum & push the index lower towards its intermediate supports around 8600 while it requires a hold above 8820 to extend this rally towards 8888-8900 levels.

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
67.00	66.75	66.45	67.20	67.40

The pair is likely to consolidate in a range between resistance at 67.20 and support at 66.75.

Market Drivers

- ✓ Indices remained range bound with sectors like banking continuing to clock gains. Reliance helped the index. Technology stocks remained firm. NMDC lost ground post results. Key results yesterday disappointed the street. Sun Pharma was a marginal miss while Tata Motors was a big miss on estimates. Large cuts in earnings estimates for FY17 and FY18 will lead to further downsides for the stock. Voltas results were better than expectation. DHFL Insurance deal will be positive for DHFL. Govt action on strategic disinvestment, infrastructure and defense could keep this space in focus. Nifty has been range bound and break from range beyond 8820 could bring some momentum.

Trading Idea - Cash & Future

Scrip	Reco	MBP	SL	Target
GAIL	BUY	490	481	510

Corporate Action:

GULFOILLUB	Interim Dividend - INR - 3.50
INDIANHUME	Interim Dividend - INR - 1.00
NTPC	Interim Dividend - INR - 2.61
POLYMED	Interim Dividend - INR - 1.00

Security in Ban period:

BANKINDIA, CEATLTD, IFCI, JETAIRWAYS, JINDALSTEL, JPASSOCIAT, RCOM, UNIONBANK, WOCKPHARMA

Sectoral Outlook

Sector	Outlook
OIL & GAS	POSITIVE
TELECOM	POSITIVE

Trading Idea - Derivatives

STRATEGY UPDATE : Infy Modified Bull Call Spread

Instrument	B/S	Lot	Reco	CMP
23 FEB 980 CE	Buy	1	12	15.2
23 FEB 1000 CE	Sell	1	6.5	6.6
23 FEB 920 PE	Sell	1	3.5	1.2

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

Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 23-Feb	9000	7047000	-31050
Bank Nifty 23-Feb	21000	691160	-31800
Bank Nifty 16-Feb	21000	718720	27560

Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 23-Feb	8500	5856075	89925
Bank Nifty 23-Feb	19500	666840	-84880
Bank Nifty 16-Feb	19500	675680	8840

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Trading Calls

GAIL

Buy

MBP INR 490
Target INR 510



- ✓ It has been making higher top - higher bottom formation on weekly charts and supports are shifting higher
- ✓ It has reported a strong close and has been outperforming the broader market
- ✓ We are recommending to buy on declines near to 490 for the upside target of 510 levels

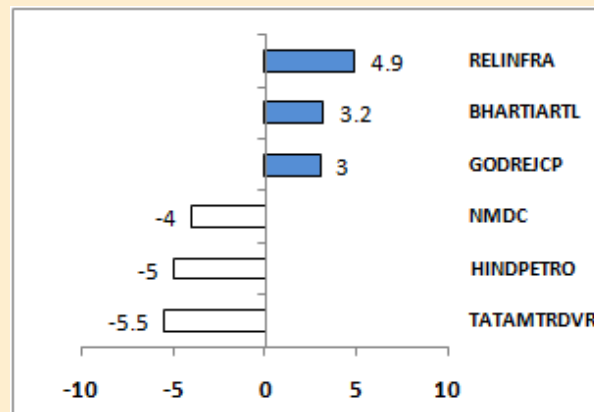
FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	-6	1387	3259
DII	-3	2104	29095

FII F&O

Institution	Net B/S	OI
Index Future	1321	Long
Index Options	138	Long
Stock Futures	-690	Short

Major Price % Change

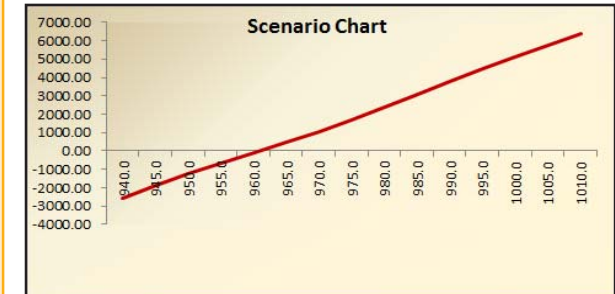


Derivatives Idea

Infy

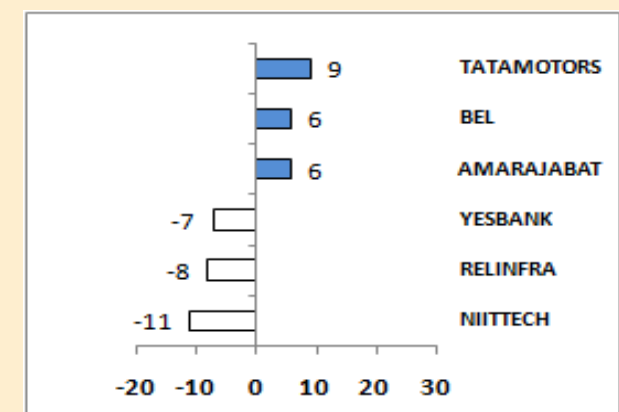
Modified Bull Call Spread

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

Muthoot Finance: (CMP - 335, TP 409, Recom. BUY)

- ✓ AUM grew 8% YoY. Total Income up 18% YoY to INR13.4bn. PAT grew 56% YoY INR2.9bn. Margin contracted 90bp QoQ to 11%
- ✓ Higher return ratios make current valuation of 1.6x FY19E BV really attractive. Maintain BUY

Britannia Industries: (CMP - 3216, TP 3775, Recom. BUY)

- ✓ Net sales grew 5.6% YoY to INR22.6b. Base volume growth was 2%. Consolidated EBITDA was up 0.3% to INR2.95b while adjusted PAT grew 4.6% to INR2.2.
- ✓ Maintain Buy, with a target price of INR3,775

Sun Pharma: (CMP - 650, TP 850, Recom. BUY)

- ✓ Revenue grew 11.7% YoY to INR79.1b. EBITDA margins were at 31%. PAT grew modest 4% YoY INR14.7 bn.
- ✓ Maintain Buy with TP of INR850 based on 22x 1HFY19E

Tata Motors: (CMP - 487, TP 653, Recom. BUY)

- ✓ Consol sales at INR675b (v/s est INR699b; -4% YoY). EBITDA at INR51.6b (v/s est INR87.7b; -42% YoY). Adj. PAT at INR2.6b (v/s est INR29b). EBITDA margins to ~9.3% (v/s est 12.3%).
- ✓ Maintain Buy with TP of INR653

GSK Consumer: (CMP - 5118, TP 5300, Recom. Neutral)

- ✓ Net sales down 11.5% YoY to INR8.6bn. EBITDA declined 9.5% YoY to INR1.67b. Adj PAT declined 8.3% YoY to INR1.36b. EBITDA margin expanded 40bp YoY to 19.5%
- ✓ EPS CAGR over FY17-19 to be muted at 11%. Maintain Neutral rating with a TP of INR5,300

Indo Count Industries: (CMP - 170, TP 205, Recom. BUY)

- ✓ Revenue came in flat YoY at INR5b. EBITDA margin contracted 270bp YoY to 20.3%. PAT declined 27.3% to INR562m.
- ✓ Expect revenue CAGR of 9.5% and PAT CAGR of 15% over FY16-19E. Maintain Buy with TP of INR205 (10x FY19E EPS)

Currency Ideas

USDINR



- ✓ NSE USDINR (Feb. contract) fell and closed lower towards 67 marks yesterday.
- ✓ The pair declined further on DGCX to re-test short-term support line near 66.75-66.80 before recovering slightly to close near 66.97.
- ✓ Looking ahead, the pair is now likely to consolidate in a range between 66.75-67.20 and either side breach would decide the trend.
- ✓ Break above 67.20 would extend the rally towards 67.40-67.50 range while breach of support could lead to further decline towards 66.45-66.50 zone.

EURINR



- ✓ NSE EURINR (Feb. contract) fell and closed lower towards a 1-month low near 71.25.
- ✓ The pair has been declining sharply after breaching upward-sloping channel near 72.40 and the short-term bias continues to look negative.
- ✓ The pair faces immediate resistance at 71.70-71.80 zone and selling on rallies is still advised.
- ✓ Test of support at 70.50-70.60 area followed by January 2016 low near 69.90 now looks possible.

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