

MOST Market Outlook

16th February 2017

Nifty Chart



Nifty Outlook

Nifty Fut.	R1	R2	S1	S2
8806	8800	8820	8650	8620

'Nifty failed to surpass its multiple hurdle of 8820 zones and corrected towards 8720 levels. It remained under the bear grip for most part of the day and closed with the loss of around 70 points. RSI has given a sell signal by turning from its overbought state and now a follow up below 8720 could push it towards 8650 and 8620 levels. On the upside now 8800-8820 may act as an immediate barrier for the next couple of sessions.

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
66.97	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

- ✓ Domestic market saw some correction with Nifty failing to cross 8820 levels. Mid cap stocks saw sharp correction. Sectors like financials, cement, and auto all saw weakness. Among results, Nestle numbers were better than expected. Cabinet cleared merger of associate banks with SBI. Nasscom delayed announcing sector growth forecast for FY18. TCS board is likely to meet on 20th Feb to decide on buyback. This could trigger similar moves in Infosys. Overall global cues continue to be positive. Nifty has supports around 8700 levels.

Trading Idea - Cash & Future

Scrip	Reco	MBP	SL	Target
GAIL	BUY	490	481	510

Corporate Action:

Interim Dividend -AMRUTANJAN INR- 1.10, AVTNPL INR- 0.20, BHARATFORG INR- 2.50, BOSCHLTD INR- 75.00, JAYAGROGN INR- 5.00, KALECONSUL INR- 11.00, MANAPPURAM INR- 0.50, MENONBE INR- 1.00, MINDAIND INR- 1.20, PAGEIND INR- 25.00, POWERGRID INR- 1.00, SELAN INR- 5.00, SHBCL INR- 0.25, SNL INR- 3.00

Stock Split COMPUGAGE From Rs.10/- to Rs.2/-

Security in Ban period:

IBREALEST, IFCI, JETAIRWAYS, JINDALSTEL, RCOM, TV18BRDCST, UNIONBANK

Sectoral Outlook

Sector	Outlook
OIL & GAS	POSITIVE
REALTY	NEGATIVE

Trading Idea - Derivatives

STRATEGY : Nifty Bear Put Spread

Instrument	B/S	Lot	Reco	CMP
23 FEB 8800 PE	Buy	1	65	87
23 FEB 8600 PE	Sell	1	15	19.9

Target Profit: Rs.11000 SL Rs.3750

Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 23-Feb	9000	7856550	809550
Bank Nifty 23-Feb	21000	760320	41600
Bank Nifty 16-Feb	20500	970360	288000

Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 23-Feb	8500	5925300	69225
Bank Nifty 23-Feb	19500	657440	-18240
Bank Nifty 16-Feb	20000	555040	46360

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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 been outperforming the broader market
- ✓ We are recommending to buy on declines near to 490 for the upside target of 510 levels

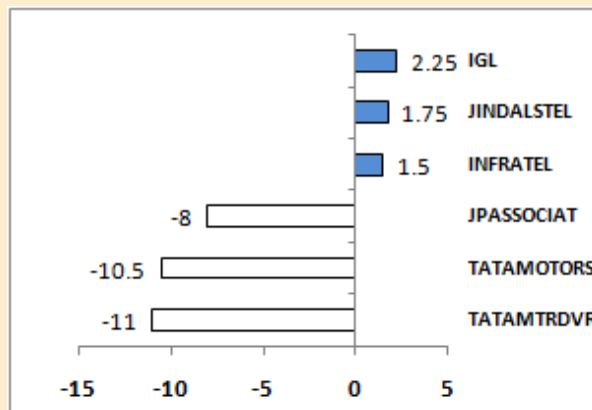
FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	226	1612	3485
DII	249	2353	29344

FII F&O

Institution	Net B/S	OI
Index Future	689	Long
Index Options	742	Long
Stock Futures	-1667	Short

Major Price % Change



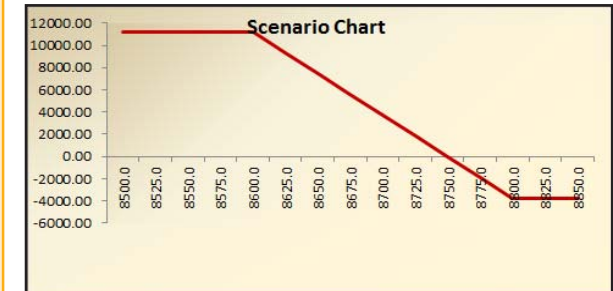
Derivatives Idea

Nifty

Buy 1 Lot 8800 PE

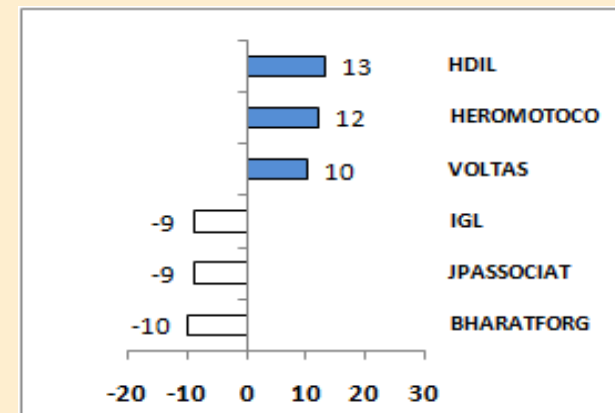
Sell 1 Lot 8600 PE

Bear Put Spread



- ✓ Nifty consolidated in narrow band of 8720-8820 for past few trading session
- ✓ Index witnessed unwinding in 8800 & 8700 PE and addition in 8800 & 8900 CE depicting selling pressure at higher end
- ✓ Unwinding in 8700 PE could put further pressure on Index. Thus Bear Put Spread is recommended

Major OI % Change



Morning Meet Notes

Research Notes

News Update -

Cabinet approves Merger of SBI & Associates

- ✓ After merger - Asset base of ~INR37 trillion, ~22,500 branches, ~58,000 ATMs and over ~50 crore customers
- ✓ Maintain BUY with TP of INR350

Repco Home Finance: (CMP - 642, TP 752, Recom. BUY)

- ✓ Loan book grew 21% YoY. NII grew 16% YoY to INR907mn. PAT of INR464mn
- ✓ GNPL ratio increased 36bp YoY to 2.65%. Without RBI dispensation, the GNPL ratio would have been 4.2%
- ✓ We expect ~20% loan and PAT growth over the medium term. Maintain Buy

S H Kelkar and Co: (CMP - 309, TP 371, Recom. BUY)

- ✓ Consol. revenue grew 1% YoY to INR2,319m. EBITDA margins declined by 60bp to 17.1%. PAT grew by 16% to INR254m on YoY basis.
- ✓ Expect 16% revenue CAGR, 34% PAT CAGR over FY16-19E. Maintain Buy

Nestle India: (CMP - 6174, TP 6840, Recom. Neutral)

- ✓ Net sales increased 16.2% YoY to INR22.6b. EBITDA was up 12.6% YoY to INR18b while PAT was up 16.5% to INR11.4b.
- ✓ Valuations are fair at 36.1x CY18EPS. Maintain Neutral rating with target price of INR6,840 (40x Dec'2018 EPS)

Parag Milk Foods: (CMP - 213, TP 215, Recom. Neutral)

- ✓ Sales grew 15.1% YoY to INR4.5b. EBITDA declined 137.8% YoY to a loss of INR145m. Adj. PAT loss stood at INR268m.
- ✓ We cut PAT for FY18E/FY19E sharply by 37%/15%. reduce target multiple from 22x to 20x Dec'2018 EPS.

Currency Ideas

USDINR



- ✓ NSE USDINR (Feb. contract) remained in a tight range between 67.03-66.93, eventually closing near 66.97.
- ✓ The pair is flattish on DGCX as well, trading near 66.93 levels.
- ✓ The current consolidation is likely to continue between immediate support at 66.80-66.75 and resistance at 67.20 and either side breach would decide the trend.
- ✓ Higher resistance is at 67.40 while lower support is at 66.50-66.45 area.

JPYINR



- ✓ NSE JPYINR (Feb. contract) opened lower near 58.70 and continued to trade negatively, eventually closing near the day's low at 58.53.
- ✓ The pair has breached horizontal support area at 58.80-58.90 and the same now is likely to act as resistance.
- ✓ The current decline could extend lower towards 3rd January low near 57.95.
- ✓ Selling on rallies is thus advised.

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Dharmesh Kant (Head - Retail Research)
Dharmesh.Kant@motilaloswal.com

Chandan Taparia (Derivatives & Technical Analyst)
Chandan.Taparia@motilaloswal.com

Tina Gadodia (Derivatives Analyst)
Tina.Gadodia@motilaloswal.com

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Motilal Oswal Securities Ltd

Motilal Oswal Tower, Level 6, Sayani Road, Prabhadevi, Mumbai 400 025
Phone: (91-22) 30894200 Fax: (91-22) 22885038. E-mail: info@motilaloswal.com