

MOST Market Outlook

17th, May 2016



Nifty Outlook

Nifty Fut.	Reco.	CMP	SL	TGT
7887	BUY	7887	7840	8000

'Breakout from the wedge formation concluded the termination of the corrective move. The pattern confirmed the support at 7700 & the rebound reassured the uptrend to remain firm. A breach only below 7700 would distort the ongoing bullish trend & hence serves as a trail stop for longs.

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
66.97	66.85	66.50	67.20	67.30

The pair is likely to trade positively as long as above support at 66.85. Buying is advised targeting 67.20 - 67.30 levels.

Sectoral Outlook

Sector	Outlook
IT	Positive
CONSUMPTION	Positive

Outlook

- ✓ Indian markets opened on a soft note on back of global cues but recovered to close higher. Yes Bank, Bosch, ITC, Bharati Infratel and Dr Reddys led the rally. US markets closed higher led by higher crude prices. Apple shares recovered. Berkshire Hathaway picking up stake in Apple helped. Asia is trading mixed to positive. Yen has weakened a bit. Exit polls for four state elections suggests some gains for BJP. Assam is the only state where BJP is expected to come in power. Overall Nifty has held 7800 levels and immediate resistance is likely around the 8000 levels. SBI associates may be unified into a single bank as per reports. PSU banks got hit hard after Bank of Baroda results. Investment interest continued in private banks. Yes Bank looks attractive among the private banks. Metals, commodity stocks could see bounce back.

Trading Idea - Cash & Future

Scrip	Reco	CMP	SL	Target
TECHM	BUY	489	475	520
BATA INDIA	BUY	587	570	625

Trading Idea - Derivatives

STRATEGY - Bajaj-Auto Long Call

Instrument	B/S	Lot	Reco	CMP
May 2600 CE	Buy	1	20	20

Target Profit : 50

Stop Loss : 5

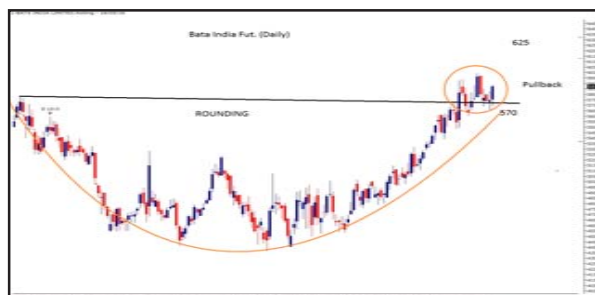
Trading Calls

TECHM CMP INR 489
Buy Target INR 520



- ✓ 'Mature consolidation on the immediate scale
- ✓ A breach above 491 would propel the stock beyond its 200 days EMA
- ✓ Short term traders could participate the move with a stop below 475 for an initial target upto 520

BATA INDIA CMP INR 587
Buy Target INR 625

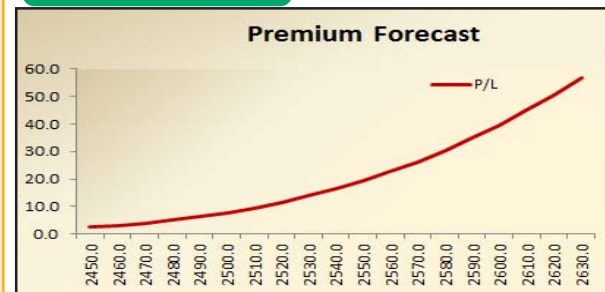


- ✓ 'Breakout from the Rounding formation
- ✓ Pullback provides a good opportunity for fresh longs. Momentum to accelerate once above 600
- ✓ Bata could be traded with a stop below 570 for an initial target upto 625

Derivatives Idea

Bajaj-Auto Buy 1 Lot 2600 CE

Long Call



Target Profit : 50 Stop Loss : 5

- ✓ Bajaj-auto is in Long-Long unwinding Cycle
- ✓ Stock is moving in band of 2450-2650
- ✓ Considering we are playing momentum, Long Call is recommended

FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	-80	881	-48956
DII	-128	2674	67295

FII F&O

Institution	Net B/S	OI
Index Future	-193	Unwinding
Index Options	1275	Long
Stock Futures	-405	Short

Outlook

- ✓ We have upgraded Yes Bank investment targets to 1275. We expect a 30 percent upside to the stock. We expect strong loan growth led by market share gains (~2% by FY20) - capitalizing on its strength in corporate business and addition of new portfolios in the retail business.

April WPI in positive zone (0.34% v/s est. of -0.5%) after declining for 17 months

- ✓ 'Primary food' index grew by 4.2% YoY; Pulses +36%, Potatoes +35%, Sugar +16%
- ✓ Fuel & Power down 4.8% YoY (Diesel hiked by 1.26/L & Petrol by 0.83/L)
- ✓ Expect WPI to grow by 0.5% in FY17 v/s -2.5% in FY16

YES BANK: Earnings compounder; raise target price to INR1,275 (30% upside)

- ✓ Earnings have compounded at 40% in last decade; Loan share at 1.3%, Profit share at 3%
- ✓ ROEs of 20%+ for last 8 years; at 22% in FY17/18 (best in sector)
- ✓ Retail & MSME loan mix to rise from 35% in FY16 to 45% by FY20 (2x industry)
- ✓ CASA at 28% v/s 10% in FY11; to improve 300bp annually & reach 36% in three years
- ✓ Raise est. by 5% for FY17/18; TP of INR 1,275 (at 2.7x FY18 P/B)

PI Inds. - Management Interaction

- ✓ Launched Nominee Gold (a rice herbicide) in FY10 (tie-up with innovator Kumiai) -blockbuster product
- ✓ Current penetration of rice herbicides at just 10%
- ✓ Entry of generics to put some pricing pressure (Insecticide's generic priced at 5,200-5,500 per liter v/s 6,000 per liter for Nominee Gold)
- ✓ Order-book to Sales of 4.3x in CSM business; 24% PAT CAGR over FY16-18;
- ✓ Trades at 18x FY18; TP of INR 755 (at 22x FY18)

Currency Ideas

USDINR



- ✓ USDINR continues to hold above immediate support of 66.85 - 66.95 zone is signifying sideways to positive move for short term
- ✓ Strong support for the pair remains at 66.45 - 66.50 zone whereas resistance is at 67.20 - 67.30 area
- ✓ Buying is still advised as long as price holds above 66.50 levels.

GBPINR



- ✓ GBPINR will open with a positive note as per parity and bias looks positive for the session as long as price holds above 96.20 - 96.15 zone which act as strong support
- ✓ Price break above immediate resistance zone of 96.80 - 96.90 will lead the rally towards 97.10 - 97.35 levels
- ✓ Buying is advised, but downside for the pair will resume if price break below support level.

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