

MOST Market Outlook

18th January 2017

Nifty Chart



Trading Idea - Cash & Future

Scrip	Reco	CMP	SL	Target
MARUTI	SELL	5688	5745	5560

Corporate Action:

NA

Security in Ban period:

CENTURYTEX, HDIL, IBREALEST, JINDALSTEL, JPASSOCIAT, JUSTDIAL, RCOM

Nifty Outlook

Nifty	R1	R2	S1	S2
8408.5	8420	8455	8380	8330

'Nifty remains confined within the 'Bearish Marubozu' range with resistance held firm around 8450. The placement of the daily RSI near the overbought zone warrants caution. A breach below 8370 (Low of Marubozu candlestick formation) would activate the pattern & accelerate the downward momentum. The index could witness a corrective wave during the coming week. Hence we recommend reducing leveraged longs & deploying adequate hedge for a while.

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
68.03	67.75	67.65	68.20	68.50

Short-term bias looks sideways-to-negative as long as 68.50 is capped as strong resistance.

Sectoral Outlook

Sector	Outlook
ENERGY	POSITIVE
AUTO	NEGATIVE

Trading Idea - Derivatives

STRATEGY UPDATE : Nifty Modifies Put Butterfly Spread

Instrument	B/S	Lot	Reco	CMP
25 JAN 8350 PE	Buy	1	40	40
25 JAN 8200PE	Sell	2	15	13
25 JAN 8100PE	Buy	1	8.5	6

Maximum Profit: Rs. 9800 at 8200 Maximum Loss: Rs.1400
Limited profit: Rs. 2000 below 8000

Market Drivers

- ✓ Indian markets ended marginally lower yesterday. Global cues remain mixed. Nifty continues to consolidate around the 8400 levels. Reliance corrected post results as street was marginally disappointed with the lower refining margins reported. Some relief for FPIs as there was uncertainty over tax implications as the recent circulars on withholding tax have been kept in abeyance. This could bring some positive sentiment. United Spirits did well. PSUs, metals as a space continued to see interest. Stock specific action is expected based on results.

Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 25-Jan	8500	5060325	531300
Bank Nifty 25-Jan	19000	1113080	-9360
Bank Nifty 19-Jan	19500	624320	198440

Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 25-Jan	8300	6839550	258825
Bank Nifty 25-Jan	18500	807280	53040
Bank Nifty 19-Jan	18500	484400	-34320

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Trading Calls

MARUTI

CMP INR 5688

Sell

Target INR 5560



- ✓ Occurrence of 'Bearish Engulfing' followed by a Doji formation augurs well for the termination of ongoing upmove & a swift correction
- ✓ RSI reversion from the overbought zone complements the setup & a move towards the short term average could be witnessed soon
- ✓ Short positions could be considered with a stop above 5745 & Target upto 5560

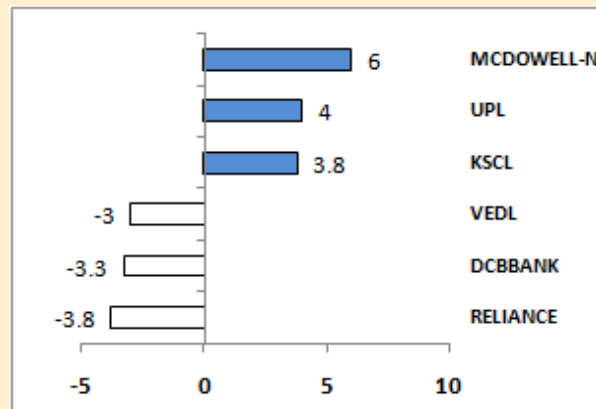
FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	142	-3095	-13677
DII	-607	2577	37940

FII F&O

Institution	Net B/S	OI
Index Future	-170	Short
Index Options	-23	Writing
Stock Futures	-305	Short

Major Price % Change



Derivatives Idea

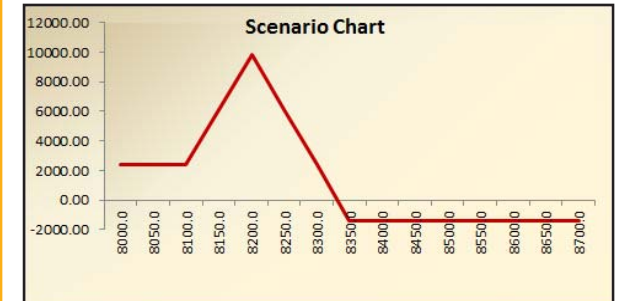
Nifty

Buy 1 Lot 8350 PE

Sell 2 Lots 8200 PE

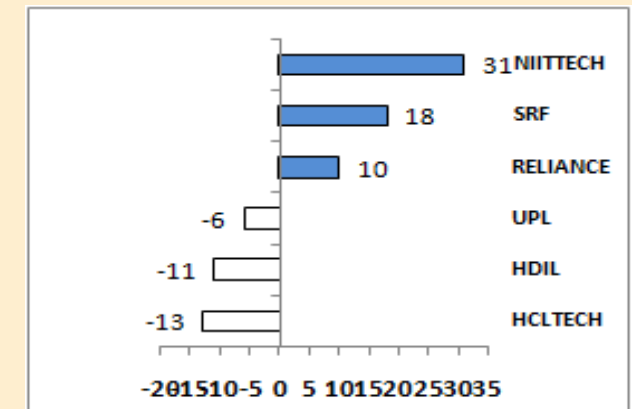
Buy 1 Lot 8100 PE

Modifies Put Butterfly Spread



- ✓ Nifty is in Long- Long unwinding cycle
- ✓ It is trading near the vicinity of its highest call congestion at 8400
- ✓ Nifty PCR OI too is quoting at 1.22 near the upper band of 1.20. Considering profit booking could be expected at current level. Low risk Modified Put Butterfly Spread is recommended

Major OI % Change



Morning Meet Notes

Research Notes

- ✓ **SENSE PREVAILS** : Tax authorities put the indirect taxation of FPI Investors in abeyance
- ✓ **TATA ELXSI** to soon test DRIVERLESS CARS IN BANGALORE!!
- ✓ **FORTIS HEALTH** : DELHI HIGH COURT refused to put a stay on the potential sale of Fortis HealthCare on the request of Daiichi. Next hearing on 23rd
- ✓ **NO DE-MON IMPACT** : DELTA CORP's GAMING DIVISION reported growth in Revenues YoY of 4% in Q3!!!
- ✓ **STEEL MINISTRY** pitches for use of ONLY MADE IN INDIA STEEL for all Govt Projects

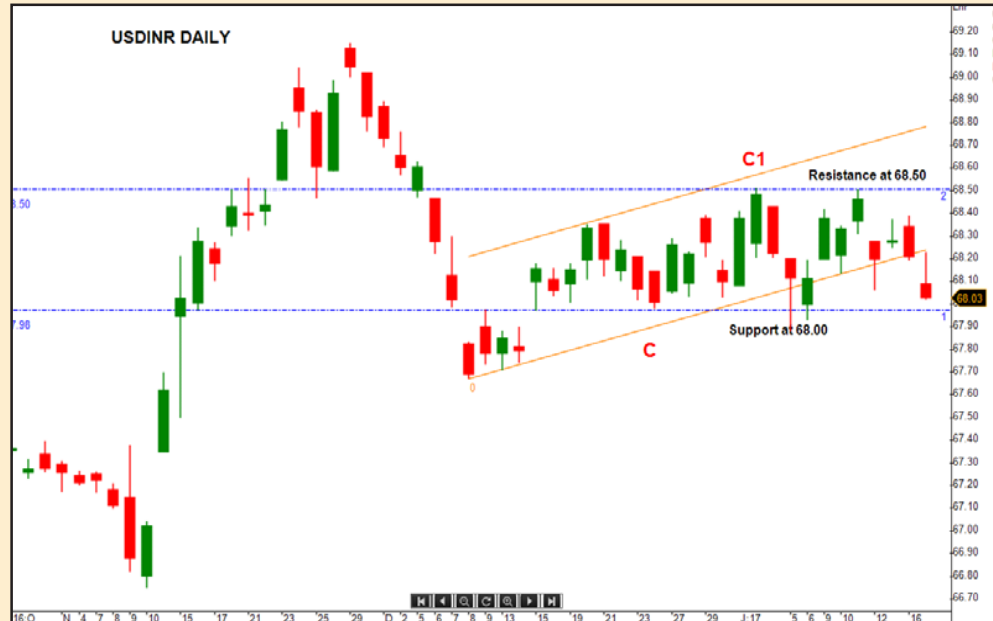
AVIATION :

- ✓ Domestic air passengers in India grew +23.4% YoY, Load factor stood at 88.7% in Dec-16
- ✓ Growth rates : Indigo: 40.3% YoY, Spice Jet: 24% YoY, Go Air:22% YoY, Indigo PLF at 91.4%

Company	Sales	% Y/Y	EBITDA	% Y/Y	PAT	% Y/Y	Rationale	Comments
Dewan Housing	5.2	21.0	4.2	26.9	2.4	31.7	BUY/405/A	1. Aum +19% YoY, disbursements +10% YoY, margins expanded on lower COF, opex only 9% YoY despite 21% NII growth 2. CI at 26.5% to trend to 21-21.5%, 18-19% AUM growth, margin improvement, value at 1.6FY 19E BV
NIIT	6.9	2.0	1.2	-5.3	0.7	-11.9	Neutral/470/I	1. CC -0.6% QoQ, ramp down in large travel account, ramp up to happen from 4Q 2. With cash forming 22% of market cap, FCF yield of 10/11% and dividend yield of 2.7/2.9% for FY18/19E; valuations provide good support

Currency Ideas

USDINR



- ✓ USDINR (Jan. contract) continued its weakness for the second straight session closing lower at 68.03
- ✓ The pair sustained break below the critical support of 68.00 will confirm further weakness towards 67.75 - 67.65 area
- ✓ Immediate resistance is at 68.20-68.25 whereas major resistance remains at 68.50
- ✓ Short-term bias looks sideways-to-negative and selling will be recommended

JPYINR



- ✓ As recommended, JPYINR (Jan. contract) almost achieved our initial target of 68.30 (closing at day's high 60.29)
- ✓ Overall, the pair will remain in a pullback mode and dip buying is still advised in short-term
- ✓ Immediate support is at 59.90 - 59.75 zone whereas critical support remains at 58.90
- ✓ Dip buying near supports will be advised targeting 60.70 - 60.90 levels

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