

## Nifty Chart



## Nifty Outlook

Nifty Fut.	R1	R2	S1	S2
8178	8240	8280	8140	8100

'On a daily scale Index is gyrating in a narrow channel and had close below its 200 day SMA (8222) indicating sideways activity. Momentum indicator RSI is trading near neutral zone (RSI at 45) favoring consolidation. Therefore only a sustained breach outside the channel of 8120-8260 could see directional momentum unfolding towards 8050-7950 on lower end or 8350-8400 on higher end..

## Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
67.79	67.70	67.40	67.98	68.10

The pair is likely to trade in a range between support at 67.70 and resistance at 68.10. Either side breach would decide the short-term trend.

## Sectoral Outlook

Sector	Outlook
Metal	POSITIVE
IT	POSITIVE

## Trading Idea - Derivatives

### STRATEGY : VEDL Short Strangle

Instrument	B/S	Lot	Reco	CMP
29 DEC 260 CE	Sell	1	0.95	0.45
29 DEC 210 PE	Sell	1	0.8	1

Target : Rs10000 SL : Rs3000; Hedge : Buy future above INR 261.50 or Sell future below INR 208.5

## Market Drivers

- ✓ Global markets did not see major change. Asia is also trading mixed. There are no major cues to guide Indian markets which continues to struggle as investors continue to grapple over the potential impact of demonetisation. The advance tax numbers this week did not give much cues on corporate performance for the quarter. Also fears remain of spill over impact into next quarter. Given the circumstances sectors like pharma, utility, defense, Software, OMCs have relatively done better and could continue to do so.

## Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 29-Dec	8300	5829300	-66150
Bank Nifty 29-Dec	19000	732360	36200
Bank Nifty 22-Dec	19000	250440	30080

## Highest Put OI

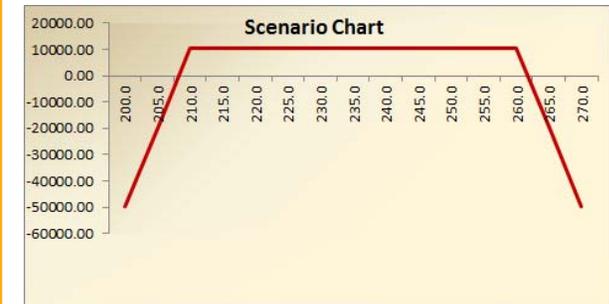
Instrument	Strike	OI	Chg in OI
Nifty 29-Dec	8000	7557800	-417675
Bank Nifty 29-Dec	18000	916080	82960
Bank Nifty 15-Dec	18000	406320	25280

## Derivatives Idea

**VEDL**

**Sell 1 Lot 260 CE  
Sell 1 Lot 210 CE**

Short Strangle

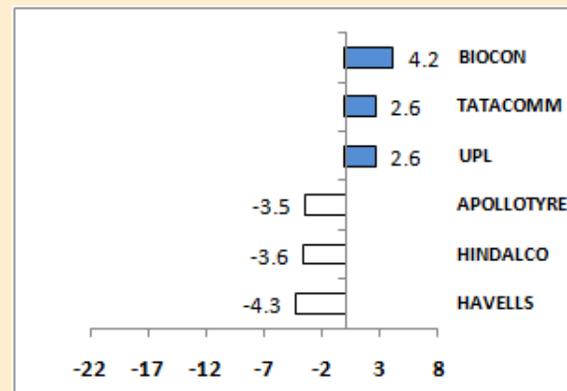


- ✓ VEDL is consolidating in past few trading session
- ✓ Option indicative band suggest 220 as highest Put concentration and 250 as highest call concentration
- ✓ In order to benefit from faster theta decay and volatility cool-off, Short Strangle strategy is recommended

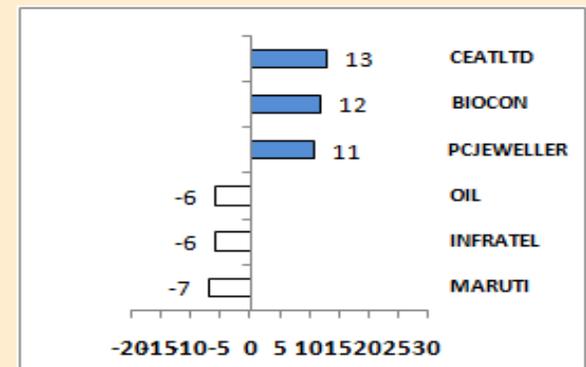
## FII F&O

Institution	Net B/S	OI
Index Future	-504.47	Unwinding
Index Options	42.70	Put long
Stock Futures	-149.45	Short

## Major Price % Change



## Major OI % Change



## Morning Meet Notes

### Research Notes

**Domestic MF: 13800cr pump in in Nov 16, Top stocks in fancy: L&T, Techm, Hindalco, SBI,**

**EXPERT SPEAK: Demonetization a temporary dent; FMCG sluggishness is the bigger worry**

- ✓ Est ad spend gwt of 15.5% CY16 (FMCG/Auto & good monsoon). revised to 13.8% in Sep 16. Ad spend growth to be ~12-12.2% - and ~13-13.5% (ex-demonetization impact) in CY16. 15-day impact was ~15-20%
- ✓ Ad spends in FMCG, Telecom and BFSI (contr ~66%) 8-10% in 1HCY16. Demoni impact on FMCG (30%) severe in Dec with ad budget cuts of 40-50%. This translates to ~15-20% cut in overall ad spend.
- ✓ Pain in ad spends expected to bottom out by Dec, sluggishness in FMCG to continue due to hardening commodity prices (FMCG companies typically use any increase in gross margins as a lever to advertise).
- ✓ Upcoming elections in UP and Punjab to aid recovery and CY16 spends.

**Endurance Technologies: Initiating Coverage (TP INR 715, upside: 27%, 20X FY19E EPS)**

- ✓ Strong auto components supplier, castings (62.8% of consolidated revenue), suspension (23.3%), transmission (5.5%) and braking (4.6%) systems, and the aftermarket segment (3.8%). India accounts for ~70% of its consolidated revenue; caters to nearly half the auto component categories
- ✓ 80% of India revenue: 2W components, ENDU's content per 2W will continue to increase, driven by new products (like ABS/CBS) and cross-selling potential among existing customers.
- ✓ Europe ~30% of total sales, has been growing profitably, driven by strong growth at FCA Italy (50% of Europe business), new customer additions, and focus on high-value added products
- ✓ Levers: Increasing penetration among 2W customers & commencement of supplies to the Gujarat plants of HMSI and HMCL
- ✓ For the India business, we expect 12.3% revenue CAGR and 21.1% PAT CAGR over FY16-19E.
- ✓ Bajaj Auto (~60% of standalone business) remains ENDU's largest customer, with the recent addition of HMSI and HMCL.
- ✓ Europe business focused solely on raw and machined aluminum die-casting products, continuously expanding its customer base.
- ✓ Strong growth prospects (revenue/EPS CAGR of 12%/20% over FY16-19E) and robust return ratios (~22% RoE in FY19E). Trading at 19.0x/15.8x FY18E/19E.

# MOST Market Outlook

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