

# MOST Market Outlook

20th March 2017

## Nifty Chart



## Nifty Outlook

Nifty Fut.	R1	R2	S1	S2
9168	9200	9250	9119	9075

'Nifty index opened gap up and registered a fresh life high of 9218 but lost most of its intraday gains by closing near to 9160. Overall it has been making higher top – higher bottom formation and supports are shifting higher from 9075 to 9119 on immediate basis. Major trend may remain positive till it holds above psychological 9000 zone. Traders are suggested to be with the trend by using the trailing stop loss strategy.

## Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
65.57	65.30	65.10	65.90	66.20

The pair is likely to trade in a lower range between resistance at 65.90 and support at 65.30 level.

## Market Drivers

- ✓ Indian markets continued to see strong flows post the state election results. ITC was one of the top gainers post some clarity on taxes in the GST regime. FIIs were strong net buyers on Friday as well. There could be some concerns on the CM candidate for UP. Overall however market will be more focussed on govt action and corporate developments. Expectations remain on Vodafone Idea deal. Govt announced recapitalization for psu banks. Reports indicate that a change in guard is likely at IDBI bank with govt focussing on its turnaround. GST legislations are expected to be taken up today. Hcl tech Board is meeting today for buyback. Overall market is expected to maintain positive bias.

## Trading Idea - Cash & Future

Scrip	Reco	MBP	SL	Target
HAVELLS	BUY	438	430	475

## Corporate Action:

SUNCLAYLTD - Interim Dividend - Rs. - 16.5000

## Security in Ban period:

BHARATFIN; CENTURYTEX; JETAIRWAYS; JPASSOCIAT  
REL CAPITAL; SINTEX; WOCKPHARMA

## Sectoral Outlook

Sector	Outlook
CONS. DURABLE	POSITIVE
METALS	POSITIVE

## Trading Idea - Derivatives

### STRATEGY : NIFTY- Call Ladder Spread

Instrument	B/S	Lot	Reco	CMP
NIFTY CE 9200	B	1	50.80	50.80
NIFTY CE 9300	S	1	20.00	20.00
NIFTY CE 9350	S	1	11.05	11.05

TGT : INR6000; Hedge above: Buy Future above 9420; Margin Requirement: approx INR81850

## Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 30-Mar	9200	5763225	352275
Bank Nifty 30-Mar	21500	827360	22400
Bank Nifty 23-Mar	21500	402040	108080

## Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 30-Mar	8800	6034575	128250
Bank Nifty 30-Mar	21000	662200	-2000
Bank Nifty 23-Mar	20500	289840	120840

## Trading Calls

### HAVELLS

**Buy**

MBP INR 438

Target INR 475



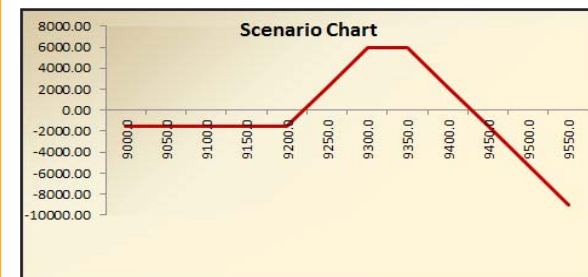
- ✓ 'Havells has been holding the gains and registered a highest daily close in last five months.
- ✓ It has decisively surpassed and holding above previous hurdle of 430 zone. It is gathered the momentum and all set to head towards its life time high territory. Thus, recommending to buy with the trading stop loss of 430.

## Derivatives Idea

### NIFTY

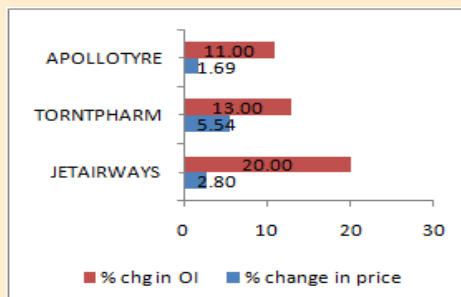
**Call Ladder Spread**

Buy 1 Lot 9200 CE  
Sell 1 Lot 9300 CE  
Sell 1 Lot 9350 CE

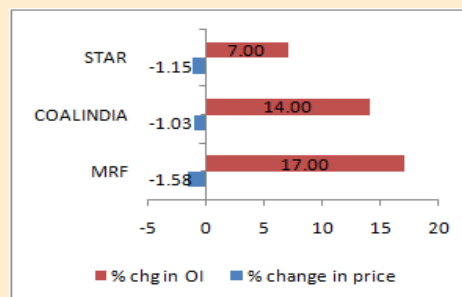


- ✓ Nifty is in long-long unwinding cycle
- ✓ Proximity to highest call at 9200 and any unwinding in same could see momentum accelerating
- ✓ Incremental addition in 9000 & 9100 PE could provide immediate support to the market
- ✓ As we are participating bullish momentum and to benefit from theta decay, Bull Call Ladder is recommended

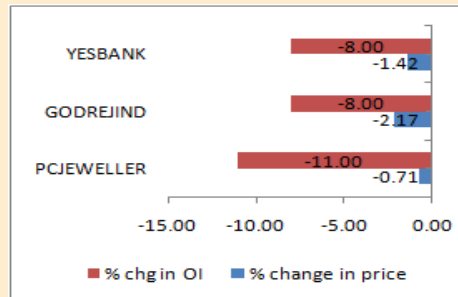
## Long Built-up



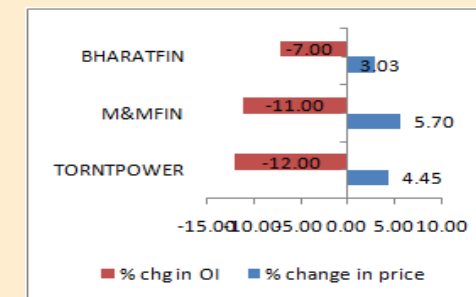
## Short Built-up



## Long Unwinding



## Short Covering



## FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	1532	15532	38622
DII	-712	-6053	11384

## FII F&O

Institution	Net B/S	OI
INDEX FUTURES	-137.10	Long Unwinding
INDEX OPTIONS	834.27	Long
STOCK FUTURES	-424.60	Short

## Morning Meet Notes

### Research Notes

#### Ajanta Pharma - Initiating Coverage (CMP 1760, TP 2028, Recom. BUY)

- ✓ Ajanta Pharma (AJP) is a specialty pharmaceuticals company.
- ✓ Over FY11-16, AJP delivered a phenomenal 30% CAGR in domestic formulations sales, as against industry CAGR of 14-15%
- ✓ Robust revenue CAGR of 22.4% over last 10 years. 1559bp increase in EBITDA margin over past 10 years
- ✓ We expect AJP to deliver an 18% CAGR in sales / 19% CAGR in earnings over FY17-20E, led by a 46% CAGR in US sales.
- ✓ We value AJP at 25x FY19E earnings.

#### Sector Update - Logistics

- ✓ Expect a pick-up in container rail volumes over next 12-18 month
- ✓ Pricing in the rail sector has likely bottomed out
- ✓ Margins of the rail logistics players are likely to improve
- ✓ We prefer Gateway Distriparks (BUY TP 318) over Concor (Neutral TP 1309)

## Currency Ideas

### USDINR



- ✓ NSE USDINR fell sharply and closed near a 1.5-year low at 65.57, down by about 1.7% for the last week.
- ✓ The pair tested a low of 65.30 and did rebound towards resistance at 65.85-65.90 zone but failed to hold higher.
- ✓ The 14-period ADX is at its highest level in about a year indicating increase in bearish momentum.
- ✓ The short-term bias remains bearish as long as the pair holds below 65.90 with stiff higher resistance at 66.20-66.40 zone. Selling on rallies is thus advised.
- ✓ Breach below recent low at 65.30 could extend the decline towards 65.10-64.85 levels.

### JPYINR



- ✓ NSE JPYINR traded choppy last week as it fell initially towards a 3-month low near 57.20 only to recover and close slightly higher near 57.98 level.
- ✓ The pair is now likely to find support near 57.30-57.20 zone and the current relief rally could extend towards immediate resistance at 58.50 level.
- ✓ Buying on dips is thus advised as long as the pair holds support.
- ✓ Breach above 58.50 would confirm further bullishness for the pair.

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