

## Nifty Chart



## Nifty Outlook

Nifty Fut.	Reco.	MBP	SL	TGT
8100	BUY	8120	8070	8300

'Recovery in the final hour of trade saw Nifty fut. ending the session above 8100. The formation of a bullish hammer on the daily scale reconfirms the support. Proximity towards the lower bound of the range 8300-81000 along with the intraday momentum oscillators approaching the oversold zone raises the expectation of a rebound within the range. Also on the 30 min scale a harmonic pattern (Bullish Gartley) would be confirmed above 8140.

## Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
68.07	67.95	67.70	68.20	68.40

As long as above 67.95, expect sideways to bullish move to continue.

## Sectoral Outlook

Sector	Outlook
INFRA	POSITIVE
PHARMA	POSITIVE

## Market Drivers

- ✓ Indian markets saw volatility within a range. Banking, financials were weak while others like software fared better. Rupee weakened to 68 levels. US markets ended higher. The overall activity is expected to remain muted as the year end approaches. Stocks like Bharat Financials saw sharp volatility on reports of Maharashtra govt initiating probe to investigate irregularities. Overall we could continue to see volatility in sectors affected by demonetisation but valuations are turning interesting in sectors like cement. The broad outperformance of sectors like software, utility, infra could continue in the interim.

## Trading Idea - Cash & Future

Scrip	Reco	MBP	SL	Target
ACC	BUY	1295	1270	1340

## Trading Idea - Derivatives

### STRATEGY UPDATE : VEDL Short Strangle

Instrument	B/S	Lot	Reco	CMP
29 DEC 260 CE	Sell	1	0.95	0.15
29 DEC 210 PE	Sell	1	0.80	0.75

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

## Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 29-Dec	8300	6066525	-58950
Bank Nifty 29-Dec	18500	657040	140840
Bank Nifty 22-Dec	18500	726320	302200

## Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 29-Dec	8000	6870650	-526125
Bank Nifty 29-Dec	18000	1128080	118360
Bank Nifty 22-Dec	18000	447200	94840

## Trading Calls

**ACC**

Buy

MBP INR 1295  
Target INR 1340



- ✓ 'Bullish Engulfing' on the daily scale confirms the support near 1270 zone
- ✓ The pattern provides a good reward to risk opportunity for trading longs with a stop below 1270 & target 1340

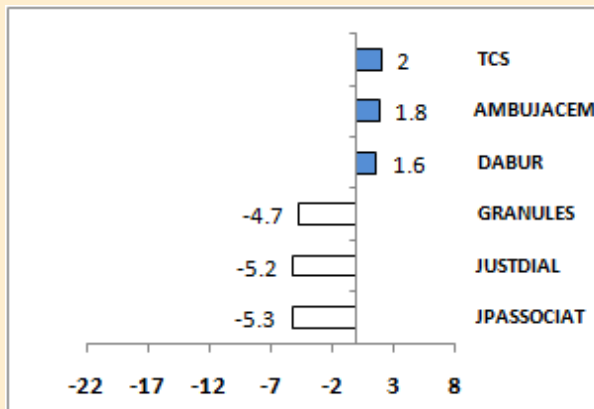
## FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	-686	-4488	-6105
DII	419	1069	33623

## FII F&O

Institution	Net B/S	OI
Index Future	188	Long
Index Options	-276	Writing
Stock Futures	-942	Short

## Major Price % Change

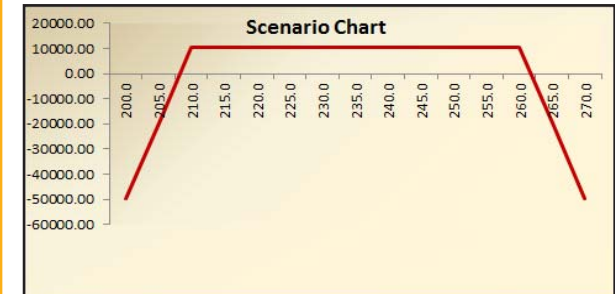


## Derivatives Idea

**VEDL**

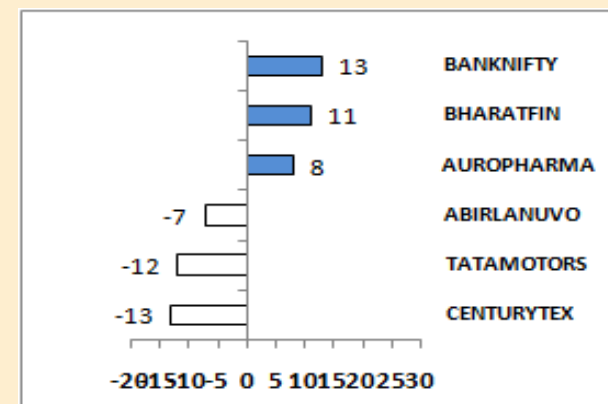
Short Strangle

Sell 1 Lot 260 CE  
Sell 1 Lot 210 PE



- ✓ 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

## Major OI % Change



## Morning Meet Notes

### Research Notes

#### **SH Kelkar (Initiating Coverage: TP INR 338, 20% upside)**

One of India's largest fragrance & flavor (F&F) companies (market share of ~14%), used as raw materials in personal & fabric care, skin & hair care, fine fragrance and household products, while flavor products are used in baked & dairy products, beverages and pharmaceuticals. Raised INR2,100m via an IPO to repay its own debt (INR1,260m) and subsidiary company debt (INR320m). 63% : India and 37%: exports.

- ✓ Fragrance market: 24% market share; strong consumer insights, access to key RM, R&D prowess, can tap opportunities in growing categories such as men's grooming, deodorants
- ✓ Flavors market: 1.5% market share. Dominated by unorganized, huge scope for growth via inorganic route, recently acquired 2 new companies
- ✓ Strong FMCG network, exposure to emerging markets, product innovation key triggers
- ✓ Expect EBITDA margin to improve from 16.7% in FY16 to 20.5% in FY19, driven by (a) shift in composition of exports in favor of high-value-added items and (b) shift in production base of the ingredients business from the high-cost region of the Netherlands to the low-cost region of India. expect revenue/PAT CAGR of 16%/33% and RoCE improvement from 17% to 28%.
- ✓ Buy rating and value the stock at 26x FY19E EPS. Our price target of INR338 implies a 20% upside.

#### **IDEA CEO**

- ✓ Both RJio and demonetization have severely impacted revenue streams. Larger impact is on the data segment.
- ✓ To protect its subscriber and traffic base, compromising on price, cut prices for both data (~50% higher than RJio) and voice, and surmises that the current low price environment may not be a temporary phenomenon.
- ✓ IDEA is catering to its two buckets of consumers differently. It is trying to lock high ARPU consumers with 6-12 month price plans at deep discounted pricing and high volume with validity post March 2016 to reduce churn , Prolonged freebies may not be sustainable,
- ✓ Network and service will not be a differentiator in the next six months, IDEA expects 40-50% of subscribers (400m-500m) to evolve to be serious data subscribers.

## Currency Ideas

### USDINR



- ✓ The pullback rally continues in USDINR (Dec. contract) and is now trading closer to key resistance zone 68.10-68.20.
- ✓ Higher resistance is placed at 68.40 whereas key supports are at 67.95 / 67.70.
- ✓ Dip buying is still recommended as long as 67.95 are held. However, failure to breach 68.40 could lead to profit booking.

### GBPINR



- ✓ GBPINR could not sustain higher and has breached trend channel (C-C1) support near 85.40 indicating weakness.
- ✓ Strong short term resistances are placed at 84.80-85.00 zones whereas 84.10 / 83.40 may act as strong supports.
- ✓ Selling on rise is advised as long as price stays below 85.00 marks.

# MOST Market Outlook

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