

## 22nd, July 2016

Nifty Fut.	Reco.	MBP	SL	TGT
8519	BUY	8500	8420	8700

## Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
67.24	67.05	66.90	67.35	67.50

The pair is likely to trade sideways-to-positive above 67.05 and sustained break of 67.35 could extend the rally towards 67.50.

## Sectoral Outlook

Sector	Outlook
FMCG	Positive
MIDCAPS	Positive

## Market Drivers

- ✓ After string of rallies markets corrected in last session in line with global peers, Nifty lost (-0.65%) closing at 8510.10. 1QFY17 earnings update by private banks so far has been in line and encouraging. Kotak Mahindra Banks reported healthy loan growth and stable asset quality while HDFC Banks earnings were steady at 20%+ compounding continuity. On the global front in U.S. the Dow industrials on Thursday ended a streak of all-time closing highs at seven and snapped a nine-day string of gains, as a hot equity market cooled ahead of key central-bank meetings. At least 15 central banks are scheduled to hold policy meetings in the next few days with the Federal Reserve's Federal Open Market Committee conference set for July 26-27. The Bank of Japan will meet on July 29.

## Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 28-July	8600	5939850	-184800
Bank Nifty 21-July	19200	602840	254480
Bank Nifty 28-July	19000	501920	69840

## Trading Idea - Cash & Future

Scrip	Reco	MBP	SL	Target
ASIAN PAINTS	BUY	1042	1030	1090
ESCORTS	BUY	250	235	280

## Trading Idea - Derivatives

### STRATEGY - Indusindbk Call Ratio Spread (Update)

Instrument	B/S	Lot	Reco	CMP
28 July 1140 CE	Buy	1	14	14
28 July 1180 CE	Sell	2	3.5	3.5

Target Profit :19150 Stop Loss: 4150 (Hedge above: 1210)

## Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 28-July	8400	6114375	11850
Bank Nifty 21-July	18800	425120	151120
Bank Nifty 28-July	18000	487480	2000

# MOST Market Outlook

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## Trading Calls

### ASIAN PAINTS

MBP INR 1042

Buy

Target INR 1090



- ✓ 'Fresh breakout from the 'Flag formation' on the weekly scale
- ✓ We expect the secular uptrend to remain intact & the stock to extend its upmove till 1090
- ✓ Traders could participate the up move with a stop below 1030

## Trading Calls

### ESCORTS

MBP INR 250

Buy

Target INR 280



- ✓ 'Positive sector outlook
- ✓ Fresh breakout from the pennant augurs well for the uptrend to remain intact
- ✓ Traders could continue their lngs with a revised stop now below 235 & a pattern target upto 280

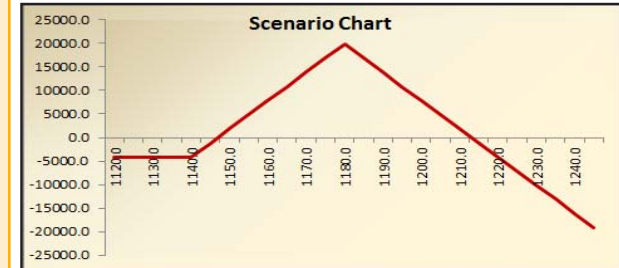
## Derivatives Idea

### Indusindbk

Buy 1 Lot 1140 CE

Sell 2 Lots 1180 CE

Call Ratio Spread



Target Profit : 19150 Stop Loss : 4150

- ✓ Indusindbk is in Lon- Long unwinding Cycle. Option data shows incremental addition in 1120 PE, acting as vital support
- ✓ Unwinding in OTM strikes of Calls could augur further movement towards 1180
- ✓ In order to benefit from theta decay, Ratio Call spread is recommended

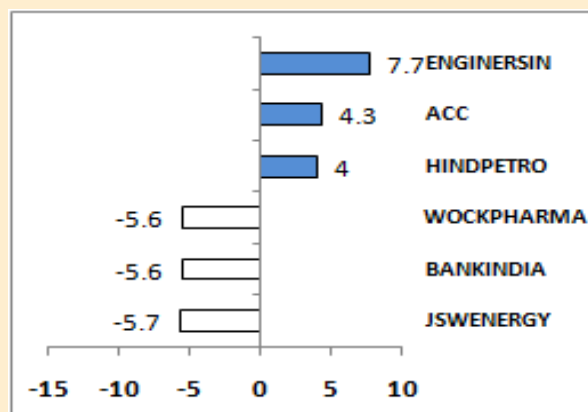
## FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	420	5965	-26886
DII	-372	-4124	44472

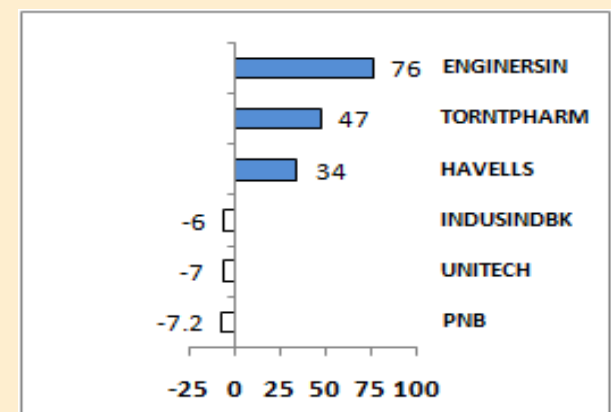
## FII F&O

Institution	Net B/S	OI
Index Future	332	Long
Index Options	822	Long
Stock Futures	-46	Short

## Major Price % Change



## Major OI % Change



## Morning Meet Notes

### Research Notes

- ✓ **GST - WINNERS & LOSERS**
- ✓ **CHANGE IN TAX RATE FOR CONSUMER** : application of uniform tax rates, reducing product level exemptions and removing cascading effect
- ✓ **SHIFT TO ORGANIZED** : narrow large indirect tax diff : organized & unorganized players ; B2C sectors
- ✓ **INPUT CREDITS** : allow indirect taxes to be set off; benefit multiplexes and retailers; taxes by diff states will be allowed to be set off
- ✓ **EFFICIENT SCM** : decision making is on business requirements & tax planning; currently CST is exempted for interstate movement of good for stock transfer and not for sale; with GST now
- ✓ **SECTORS/COMPANIES LIKELY TO EMERGE AS GAINERS** - (a) Consumer - Pidilite; Asian Paints; Century Plyboards (b) Autos - Hero MotoCorp; Maruti Suzuki; Amara Raja Batteries; Exide Industries (c) Cement - ACC (d) Multiplexes - PVR; Inox (d) Light electrical - Havells; Crompton Consumer; Symphony; V-Guard (e) Media - Dish TV (f) Retail - Shoppers Stop, and (g) Logistics - TCI and Gati.

	Sales	% Y/Y	EBITDA	% Y/Y	PAT	% Y/Y	Rationale	Comments
HDFC Bank	77.8	21.8	58.1	20.0	32.4	20.0	BUY/1450/I	1. Retail loans +20% YoY, high yield loans +41% YoY, corp +20% YoY 2. Slippage ratio increasing to 2.1% v/s 1.4% in 4QFY16; CASA ratio at 40% 3. Best placed with 4500 branches to benefit from pick up; value at 3.8x FY18E BV; ROE +19/20% 17/19
Kotak	19.2	20.1	13.2	120.3	10.8	108.0	BUY/866/I	1. - Loans grew 17% YoY (+2% QoQ); corp banking (22% YoY) & CV (42% YoY); Management expects 20% growth for FY17; asset Q at 1.4% 2. Avg AUM (18% YoY); merger with eIVBL to make it 4th largest pvvt bank, value at 3.6 FY18E BV
Dewan Housing	4.6	14.5	3.5	18.6	2.0	16.2	BUY/331/I	1. AUM & disbursements at +20/26% YoY; COF at 9.5%, home loan ~72% , non housing ~28% of AUM, GNPL's at 98bps 2. Margins to improve as high yielding loan mix improves, thrust on lower costs, stable asset Q, 20% growth in AUM in an underpenetrated market, trades fairly cheap at 1x FY18E BV (discount to other HFC's)
Kitex	1.2	9.4	0.3	10.2	0.2	30.7	BUY/770/I	1. Higher garments (+6.6% YoY) & net fabric (+23.1% YoY); PAT growth on lower interest outgo, mgmt: 20% growth for 3 yrs, capacity up from 2.7lk pcs p day to 3.2lk pcs per day 2. New clients: Sam's club (Walmart sub), lower margin bus, large vols 3. New Textile policy: ~INR2cr PF, 25-30cr increased rate of duty drawback by 5%, higher capital subsidy benefit (15-25%) on capex, IT benefit of 10cr 3. Expect 20%/35% rev/PAT CAGR over FY16-18, value at 18x FY18E EPS

## Currency Ideas

### USDINR



- ✓ USDINR (July contract) has been trading in a small range between 67.15-67.35 since the past three sessions now
- ✓ The pair does remain supported above 67.05 level in the short-term
- ✓ However, further buying would be seen only on sustained breach of 67.35 in which case the pair might rally towards 67.50
- ✓ Lower support is seen close to 66.90 level

### EURINR



- ✓ EURINR (July contract) fell towards a fresh 4-month low near 73.92 before recovering slightly to close yesterday's session at 74.14 level
- ✓ The pair has been facing channel resistance near 74.40 and the short-term bias remains negative below the same
- ✓ Selling on rallies towards immediate resistance at 74.20-74.25 area is thus advised
- ✓ Test of lower support at 73.60 could be expected
- ✓ Stiff resistance is seen at 75-75.20 area

# MOST Market Outlook

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