

Nifty Outlook

Nifty Fut.	Reco.	MBP	SL	TGT
7763	BUY	7745	7720	7830

'Wedge' pattern confirmed the support around 7700 as the index saw a rebound towards 7950. A breach only below 7680 would distort the ongoing bullish trend & hence serves as a trail stop for longs. With the expiry week ahead we expect the gyration to continue within the range of 7700-7950 & only a breach outside the said range would unfold directional momentum. The proximity towards the lower end of the bound provides a good reward to risk opportunity for fresh longs.

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
67.56	67.30	67.10	67.70	67.95

The pair is likely to trade positively as long as above support at 67.30. Buying is advised targeting 67.70 level.

Sectoral Outlook

Sector	Outlook
AUTO	Positive
IT	Positive

Outlook

- ✓ US markets ended positive on Friday. Indian markets ended marginally lower on Friday. Concerns over Fed rate hike affected the markets last week. From a India perspective, State election results were in favour of the Centre. Hopes of reforms seeing through in next session did see some revival. After tax treaty changes, further tightening of regulations on Pnotes did affect sentiment a bit. On Friday Lupin was the top loser while ITC was the top gainer. Lupin reduced its business targets while ITC performance was marginally better than expectation. ITC should see more gains post the results. Britannia could see weakness on back of profits being lower than expectations. Results driven stock specific action is likely to continue. The current week will be a result heavy week. F&O expiry, results and signs of monsoon will play a role. Nifty options suggests support around 7700 and resistance around 7900 levels.

Trading Idea - Cash & Future

Scrip	Reco	CMP	SL	Target
Bajaj Auto	BUY	2453	2370	2620

Trading Idea - Derivatives

STRATEGY - Banknifty Put butterfly Spread

Instrument	B/S	Lot	Reco	CMP
May 16500 PE	Buy	1	156	156
May 16000 PE	Sell	2	38	38
May 15700 PE	Buy	1	9	9

Target Profit : 12500 Stop Loss : 2500

MOST Market Outlook

23rd, May 2016

Trading Calls

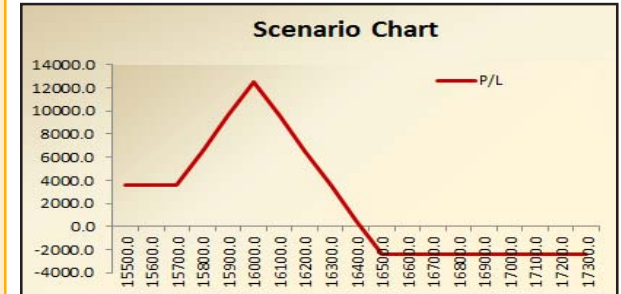
Bajaj Auto CMP INR 2453
Buy Target INR 2620



- ✓ Bajaj Auto saw a breakout from the yearlong consolidation
- ✓ Pullback post the breakout provides a good opportunity to add longs
- ✓ Longs could be added with a trading stop below 2370 for an initial move back towards 2620

Derivatives Idea

Banknifty Buy 1 Lot 16500 PE
Put butterfly Spread Sell 2 Lots 16000 PE
 Buy 1 Lot 15700 PE



Target Profit : 12500 Stop Loss : 2500

- ✓ Option indicative band of Bank Nifty suggests range of 16000-17000. Unwinding in 16500 PE could trigger downside momentum
- ✓ Considering proximity to expiry and to benefit from theta decay, Low risk Modified Put Butterfly Spread is recommended

FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	-744	-1103	-50940
DII	597	5379	70000

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FII F&O

Institution	Net B/S	OI
Index Future	-45	Unwinding
Index Options	-566	Option Writing
Stock Futures	140	Unwinding

Monsoon: Skymet

- ✓ Expects total chance of a normal and above normal rainfall is about 84% [The IMD's forecast is 64%].
- ✓ Excess rainfall historically increases our crop growth by about 8-10%.

Aviation

- ✓ Industry passenger growth at 21% (6th consecutive month of 20%+ growth)
- ✓ Indigo April growth at 24%; Spice Jet +45%, Air India +20%, Go Air +18%, Jet -1%
- ✓ Indigo Mkt Share at 38.7% (38.6% in March & 37.0% in Feb)

Index Changes

- ✓ Powergrid replaces BHEL in Sensex
- ✓ Bajaj Finance replaces CAIRN in BSE 100

	Sales	% Y/Y	EBITDA	% Y/Y	PAT	% Y/Y	Rationale	Comments
ITC	101.7	9.4	36.9	11.7	25	3.9	Buy/400/I	1. 4Q Cig vol flat (est -3%), EBITDA 36.3% 2. Non-Cig +5.4%, EBIT +70bps to 7.1% 3. 855 payout; Trades at 21x FY18E
Britannia	21.9	8	2.7	22	1.9	14	BUY on Dips	1. Double digit volume growth in biscuits 2. Trades at 32x FY18E
Pidilite	10.87	12.3	2.25	61.6	1.44	56.3	Buy/750/I	1. Sales grew by 12.3% YoY, Consumer Bazaar +12.4% YoY 2. Gross margin +690bp YoY to 54.6% (vs. our estimate of 52.5%) 3. Trades at 33x FY18E
Ramco Ceme	9.8	1.8	3.1	31.6	2	118.7	Buy/550/A	1. Vol +11%, ASP INR4865/T -8.4%, EBITDA 1493/T 2. 14-15% EBITDA/PAT CAGR over FY16-18 3. EV of 9.1x FY18E EBITDA and USD118/ton

Currency Ideas

USDINR



- ✓ USDINR (May contract) expectedly rallied sharply, closing the last week higher by about 1% after taking support near 66.90-66.95 area
- ✓ The upsurge was accompanied by an increase in volume activity
- ✓ Looking ahead, 67.20-67.30 is likely to provide immediate support and the pair is likely to head higher towards next major resistance at 67.90 level
- ✓ Buying on dips near support is thus advised
- ✓ The bias is likely to remain positive as long as above 66.90 levels

EURINR



- ✓ EURINR (May contract) expectedly declined last week to test trend line support 'S' near 75.50, before closing the week near 75.83, lower by about 0.2%
- ✓ Looking ahead, the pair is likely to find short-term support near 75.30-75.50 area and a short-covering move towards immediate resistance at 76.10-76.20 area looks possible
- ✓ Buying on dips towards support is thus advised for the short-term
- ✓ Higher resistance is at 76.60 level while lower support is at 74.80

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