

Nifty Chart



Nifty Outlook

Nifty Fut.	Reco.	MSP	SL	TGT
7995	SELL	8000	8146	7700

On a daily scale the Index eventually breached below the trading band of 8300-8100 with a gap. The relative strength indicator is yet to witness an oversold situation which indicates further room for the weakness to extend. A sustained breach below 7900 could amplify the bearish momentum & push it lower towards its next support zone near 7700. Traders could continue to retain their shorts until 8156 is not violated.

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
67.80	67.70	67.55	68.10	68.20

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
IT	POSITIVE
BANKS	NEGATIVE

Market Drivers

- ✓ Nifty lost about 2 percent last week led by financials. Concerns over demonetization continue to affect the market. FIIs have remained net sellers in the street. Add to these, there has been a concern over delay of GST implementation. Further over the weekend, PM's statements about lower contribution of financial markets to the exchequer raised the risk of higher or more taxes in stock market. Fear of long term capital gains getting taxed was talked about though FM has tried to calm the nerves giving clarification on the same. However overall nervousness is bound to remain in an otherwise weak market.

Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 29-Dec	8300	5547525	-108300
Bank Nifty 29-Dec	18500	635120	-50720

Trading Idea - Cash & Future

Scrip	Reco	CMP	SL	Target
YES BANK	SELL	1125	1165	1050

Trading Idea - Derivatives

STRATEGY UPDATE : Banknifty Bear Put Spread

Instrument	B/S	Lot	Reco	CMP
29 DEC 17800 PE	Buy	1	75	75
29 DEC 17400 PE	Sell	1	23	14.5

Target : Rs10000 SL : Rs2500

Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 29-Dec	8000	5900525	-352625
Bank Nifty 29-Dec	17500	1086120	11560

Trading Calls

YES BANK

CMP INR 1125
Target INR 1050

Sell



- ✓ Yes Bank has been trending down within the wedge formation. The recent reversion from the upper end of the wedge reconfirms the weakness
- ✓ We expect the stock to drift lower towards the pattern support placed near 1050. Traders could resort to short positions with a stop above 1165

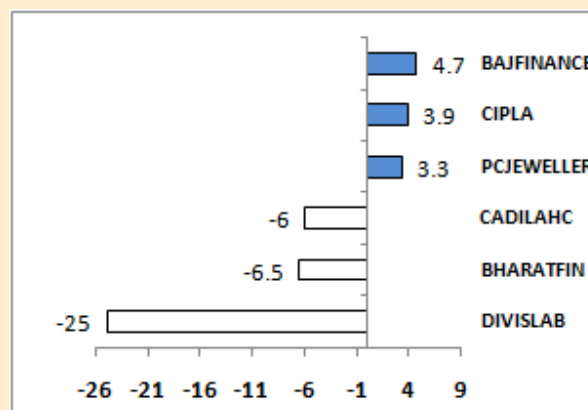
FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	-1463	-6565	-8182
DII	1615	3004	35558

FII F&O

Institution	Net B/S	OI
Index Future	-654	Short
Index Options	-698	Put Writing
Stock Futures	10	Short

Major Price % Change

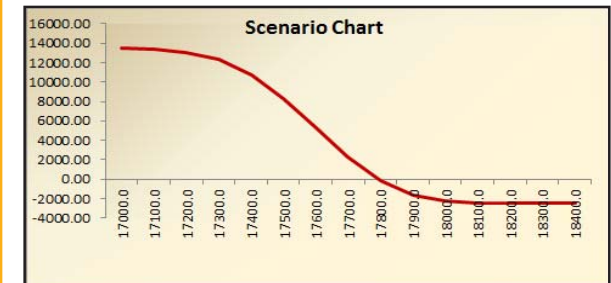


Derivatives Idea

Banknifty

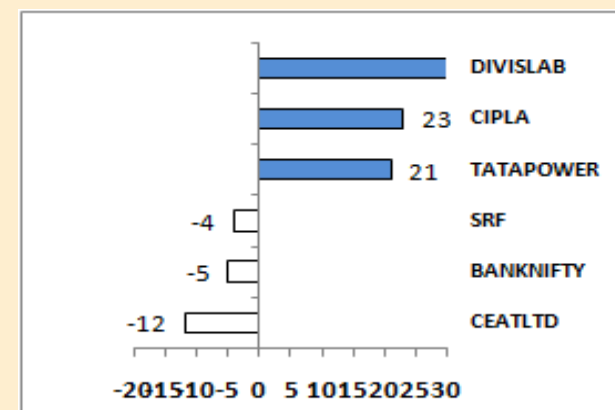
Buy 1 Lot 17800 PE
Sell 1 Lot 17400 PE

Bear Put Spread



- ✓ Bank Nifty is in Short-Short Unwinding cycle
- ✓ Option indicative band suggest 18500 as highest call congestion while 18000 as an immediate put congestion
- ✓ Unwinding in 18000 PE could accelerate selling pressure further towards 17500
- ✓ Considering we are participating falling momentum, low risk Bear Put Spread is recommended

Major OI COMBINE % Change



Morning Meet Notes

Research Notes

Divis Lab :

- ✓ Following the inspection, form 483 with five observations was issued to the company. Observation letter highlighted instances of disregard of unknown impurities without specific justification and sighting of unexplained colored products at various stages of API manufacturing.
- ✓ This is a critical plant for the company, accounting for ~60-65% of total sales
 - o Assuming Import Alert in FY18E, EPS can come down by ~30%:
 - o No import alert, but key clients break contract:
 - o Risk of inspection from other regulators:
- ✓ Given the uncertainty on the impact on EPS, we keep our estimates unchanged. However, we cut our target multiple to 18x from 22x. We retain our Neutral stance with a TP of INR975

Eveready Industries :

- ✓ Influx of Chinese batteries to reduce; Price gap to narrow in flashlight segment:
- ✓ LED growth to be impacted in medium term:
- ✓ We cut our revenue estimates by 4%/3% and PAT estimates by 14%/11% for FY17E/FY18E. We introduce FY19. Value the stock at 18x (10% premium over five-year median P/E, led by an increase in return ratios, improvement in margins and entry into newer product categories)

Currency Ideas

USDINR



- ✓ USDINR (Dec. contract) traded in a range between resistance at 68/68.10 and immediate support at 67.70 before closing flat for the week near 67.85.
- ✓ Looking ahead, the pair is expected to continue consolidating in a range and further direction would be clear only on either side breach of the same.
- ✓ Lower support is at 67.40 while higher resistance is at 68.40 levels.

GBPINR



- ✓ As shown on the weekly chart, GBPINR closed the last week sharply lower near 83.16, down by about 1.6% for the period, having formed a 'Bearish Engulfing' pattern (bearish reversal pattern) in the earlier week.
- ✓ The pair reversed course after failing to breach its resistance area at 87-87.10 and has now broken support area at 84-83.80 levels.
- ✓ The same is now likely to provide resistance and the current decline could extend lower towards 82.70-82.60 zone. Selling on rallies is thus advised.

MOST Market Outlook

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