

## Nifty Outlook

Nifty Fut.	R1	R2	S1	S2
8069	8120	8160	8060	8020

'Nifty ejected from the consolidation band of 7700-7950 with significant volumes which resulted into a sharp impulse move. The momentum indicator is yet to register an oversold situation & hence we expect momentum to extend further upto 8200. Traders could continue their longs with a revised stop now below 7900.

## Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
67.17	67.10	66.80	67.55	67.80

As long as below 67.55, sideways to negative movement is expected to continue.

## Sectoral Outlook

Sector	Outlook
NBFC	Positive
MIDCAP	Positive

## Outlook

- ✓ Indian markets continued with its positive momentum led by capital goods, banking. There were broad based participations except for sectors like energy and pharma. Larsen led the rally post strong performance. The strong beat on operating margin front and guidance of 15 percent growth led to significant buying interest. Indian markets have now reached the best level in 2016. On the results front, ONGC was below expectations. Thermax, Cummins was also below expectations. United Spirits was a big disappointment on the results front. The sharp drop in margins on account of increase in expense will lead to correction. Bajaj Auto in the auto space has given positive growth guidance. Expect stock to do well. BPCl results were in line. Among the key results to watch out for would be SBI which had a strong rally yesterday. Overall Nifty could consolidate post the smart rally. With results season being broadly in line, expectations of reforms to go through in monsoon session and monsoon likely to be above normal, the underlying bias will continue to remain positive.

## Trading Idea - Cash & Future

Scrip	Reco	CMP	SL	Target
HDFC	BUY	1228	1180	1320
PI INDS	BUY	672	620	780

## Trading Idea - Derivatives

### STRATEGY - Nifty Call butterfly spread

Instrument	B/S	Lot	Reco	CMP
June 8100 CE	Buy	1	126	126
June 8300 CE	Sell	2	51	51
June 8500 CE	Buy	1	15	15

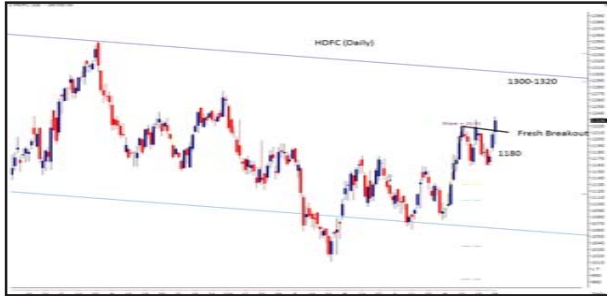
Target Profit : 12000 Stop Loss : 3000

# ✓ MOST Market Outlook

27th, May 2016

## Trading Calls

**HDFC** CMP INR 1228  
**Buy** Target INR 1320



- ✓ 'Breakout from the Flag formation augurs well for the existing uptrend to remain firm
- ✓ Pullback if any should be utilized to add longs with a stop at 1180
- ✓ The continuation pattern indicates a move towards 1320

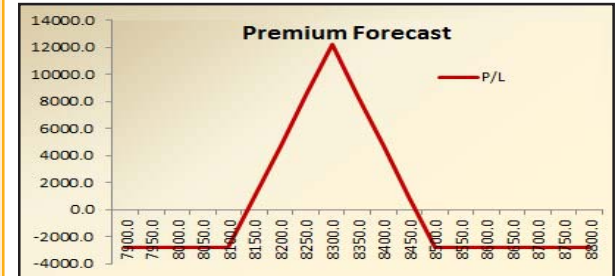
**PI INDS** CMP INR 672  
**Buy** Target INR 780



- ✓ 'Yearlong consolidation now seems mature. The pattern is well supported with incremental volumes & augurs well for the breakout
- ✓ We expect the momentum to accelerate once above 700 which could push the stocks towards 780. Fresh longs could be added with a trading stop below 620

## Derivatives Idea

**Nifty** Buy 1 Lot 8100 CE  
Sell 2 Lots 8300 CE  
Buy 1 Lot 8500 CE  
**Call Butterfly Spread**



**Target Profit : 12000 Stop Loss : 3000**

- ✓ Nifty witnessed in line roll to June series (~70%). Option data suggest addition in 7900 and 8000 Puts
- ✓ Further unwinding in 8000 CE in June series would augur directional move on higher side
- ✓ Considering long expiry and positive outlook, Call Butterfly spread is recommended

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

Cat.	Amt	MTD	YTD
FII	581	-908	-50745
DII	685	7224	71845

## FII F&O

Institution	Net B/S	OI
Index Future	2348	Unwinding
Index Options	2146	Unwinding
Stock Futures	1215	Unwinding

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**Taro** : Revenues +9%, Ebitda +18%, Pat -23%

**United Spirits** : Net sales +13%, Volume -4%; Gross margin -590bp YoY to 40.4%

	Sales	% Y/Y	EBITDA	% Y/Y	PAT	% Y/Y	Rationale	Comments
Bajaj Auto	54.1	14.2	11.5	37.4	8.0	29.2	BUY/2905/A	1. Vol+11.4% YoY; ASP +2.5% YoY; EBITDA margin +360bp YoY to 21.3% 2. 2017: 16% vol growth at 4.6mn units [new model launches in 2W] 3. Raise est FY17E/18E by 2/5%; trades at 14.5x FY18E EPS
Ashok Leyland	59.6	32.3	7.5	64.8	4.6	92.0	BUY/124/I	1. volumes +29%YoY. ASP +2.6% YoY; 2. net write-off of ~INR3.8b pertaining to Nissan JV; no equity dilution 2. +420 bps in market share in FY16 to 32.7%; capex FY17 INR 500cr 3. Trades at 15.7x/12.3 FY17E/FY18E EPS; Maintain Buy
Shree Cement	20.2	28.2	5.1	49.2	2.2	79.3	BUY/14600/I	1. Cement Vol +36% YoY; ASP ~9% QoQ; power vol ~2x growth YoY 2. EBITDA INR736/T (-7% QoQ/YoY); Power EBITDA INR1.4/unit (4x YoY) 3. Preferred pick; valued at 14x FY18E EBITDA and USD220/ton
India Cement	11.5	11.9	2.1	16.1	0.5	-	Neutral/93/I	1. Vol +19% YoY; ASP -4%YoY; EBITDA/T INR846 (+12% QoQ, -3% YoY) 2. demand in south has moderated; expect 5-6% growth; cost structure higher due to vintage constraints. High investment in the non-cement businesses are some of concerns
ONGC	161.0	-24.0	59.7	-40.0	0.4	12.0	Buy/270/I	1. EBITDA below est. (higher opex), PAT supported by one offs 2. Exempted from subsidy sharing in 4Q, to remain minimal ahead 3. Direct play on oil; Trades at 9x FY18; Div Yld 3%
BPCL	441.0	-14.0	34.4	-23.0	50.8	25.0	Buy/1215/I	1. PAT boosted by O.I; EBITDA in-line; Mktg. Vols +12% 2. Auto Mktg margins at >INR2/Ltr; GRM @ USD6.3/bbl (-20% YoY) 3. Received 100% subsidy in FY16; Trades at 8x FY18; Div Yld 3.5%
PGCIL	57.5	23.4	50.9	26.6	16.0	13.2	Buy/178/I	1. Revenue reversal of INR89cr on court verdict for Barh-Balia line 2. 39% YoY in capitalization to INR303b 3. Telecom revenue +32% YoY to INR1.16b; EBIT turnaround 3. PWGR is our top pick in the power sector. 16.7% ROE in FY20
CONCOR	1415.0	-6.2	197.0	-40.0	140.0	-52.0	BUY\1604/B	1. EBITDA impacted by high empty running charges, lower double stacking, service tax hit, and lower handling/storage income. 2. Overall volume down 3%; realisation down 1% (YoY); 3. Stock trades at 22x FY18 EPS; Key triggers: DFC, GST
Thermax	13.0	-14.0	1.2	-27.0	1.1	-16.0	Neutral/826/B	1. Subsidiaries losses at 56cr v/s 24cr YoY 2. Order inflow down 6% in FY16; Order book down 15% YoY 3. Cut ests. By 4%; EPS CAGR of 17%; Trades at 23x FY18

## Currency Ideas

### USDINR



- ✓ USDINR continues to crack sharply lower and has closed near 67.00 level yesterday. June contract is now trading close to 67.35 level.
- ✓ Strong resistances are now placed at 67.45-67.55 / 67.80 whereas 67.20-67.10 / 66.85 may act as strong supports.
- ✓ As long as below 67.55, sideways to negative movement looks to continue. Only rise above 67.55 would be bullish for the pair again

### EURINR



- ✓ EURINR recently breached below its rising trend line support and price sustained close below the same for two consecutive sessions is signifying further weakness.
- ✓ Immediate resistance is at 75.95-76.05 whereas 75.20 - 75.00 may act as strong supports.
- ✓ Range bound movement is expected as long as 75.00-75.75 range is intact

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