

Nifty Chart



Nifty Outlook

Nifty Fut.	R1	R2	S1	S2
9119	9160	9218	9075	9020

'Nifty index opened positive and witnessed sustain buying interest as it managed to hold above 9075. It formed a Bullish candle on daily chart which is again giving comfort to bulls. Recently it made a double bottom near to 9020 and respected to its 13 DEMA. Now it has to continue to hold above 9075 to extend its up move towards 9160 and 9218 while on the downside major supports are seen at 9020.

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
65.41	65.30	65.10	65.70	65.90

The pair is likely to trade in a relatively higher range between support at 65.10 and resistance at 65.50 with a positive bias.

Market Drivers

- ✓ Indian markets saw a recovery led by financials. Kotak press conference ahead of fund raising plans has led to speculation about M&A activity. M&M finance, Mannapuram Finance are some of the names the street is talking about. Manapuram promoters recently have indicated their intent to sell stake. Overall flows continued to remain positive. FII flows look strong on back of Bharti Infratel deal. Sectors like psu banks continued to perform on expectation of some steps by govt to improve the NPA scenario. Also Govt is expected to announce steps for power sector. US markets saw a recovery. Nifty has held out supports and a move closer to 9200/9250 looks likely.

Trading Idea - Cash & Future

Scrip	Reco	MBP	SL	Target
AXIS BANK	BUY	501	492	520

Corporate Action:

BEL	Interim Dividend - INR 0.90
NBCC	Interim Dividend - INR 0.53
HINDZINC	Special Dividend - INR 27.50

Security in Ban period:

BHARATFIN, CEATLTD, IBREALEST, IFCI, JINDALSTEL, JPASSOCIAT, JSWENERGY, ORIENTBANK, TV18BRDCST

Today Event

US - Pending Home sales (MoM)

Sectoral Outlook

Sector	Outlook
BANKS	POSITIVE
AUTO	POSITIVE

Trading Idea - Derivatives

STRATEGY UPDATE : Bank Nifty Modified Bull Call Spread

Instrument	B/S	Lot	Reco	CMP
BANKNIFTY CE 21200	Buy	1	100	114.25
BANKNIFTY CE 21500	Sell	1	24	12.00
BANKNIFTY PE 20700	Sell	1	23	6.20

Target: Rs. 8000; SL: Rs.2500; Hedge: Sell Future below 20700;
Approx margin: Rs. 102000

Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 30-Mar (imm)	9200	6716475	-265050
BankNifty 30-Mar (imm)	21500	1198560	175440

Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 30-Mar (imm)	9000	5077500	-59475
BankNifty 30-Mar (imm)	21000	833480	30600

Trading Calls

AXIS BANK

MBP INR 501

Buy

Target INR 520



- ✓ It has taken multiple supports near to 483 and decisively closed above its 50 DEMA
- ✓ RSI indicator has given a buy signal with positive divergence in hourly chart which also supports our positive stance on the stock
- ✓ Thus, recommending to buy with the trading SL of 492 for a potential upside target of 520

Derivatives Idea

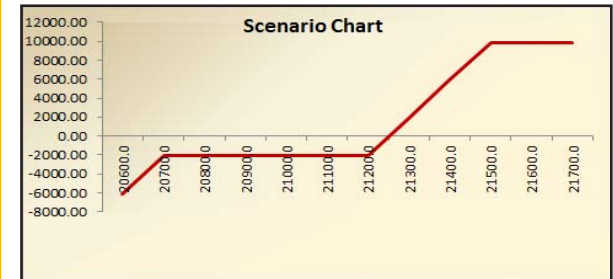
Bank Nifty

Buy 1 Lot 21200 CE

Modified Bull Call Spread

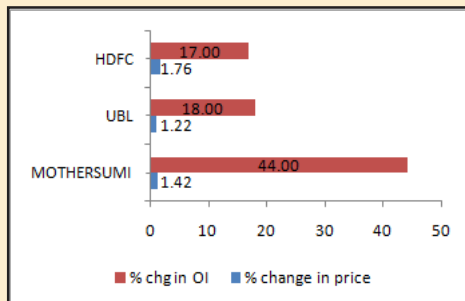
Sell 1 Lot 21500 CE

Sell 1 Lot 20700 PE

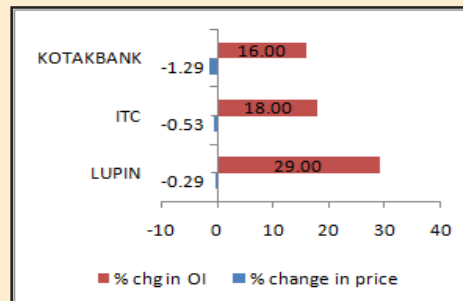


- ✓ BankNifty is in long-long unwinding cycle
- ✓ Option data signifies fresh put writing at 21000 strike while call unwinding at 21200 could propel upward momentum towards 21500. Considering positive bias and to benefit from faster theta decay, Modified Bull Call Spread is recommended

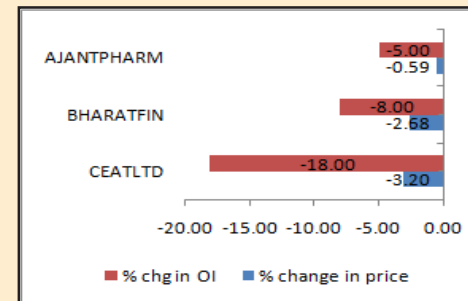
Long Built-up (Combined)



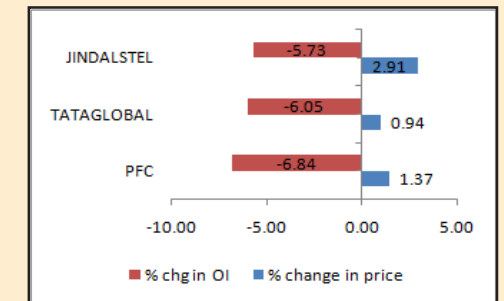
Short Built-up (Combined)



Long Unwinding (Combined)



Short Covering (Combined)



FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	6415	26239	49329
DII	356	-8880	8557

FII F&O

Institution	Net B/S	OI
INDEX FUTURES	300	Long
INDEX OPTIONS	-457	Writing
STOCK FUTURES	865	long

Morning Meet Notes

Research Notes

Hindustan Unilever - Management Meet Update (CMP 903, TP 920, Recom. Neutral)

- ✓ Business recovering gradually on a MoM basis after demonetization
- ✓ Taken a large part of the price increases needed in the December quarter
- ✓ TP is revised to INR920 (37x forward EPS) as we roll forward to March 2019E EPS

India Strategy - Tale of two 9k's (March 2015 and March 2017)

- ✓ Nifty's earnings performance has been flat over the last three years, with EPS fluctuating around INR400 over FY14-17
- ✓ In March 2015, the 12-month forward P/E (based on March 2016E EPS) was ~17.4x. Today, the 12-month forward P/E (based on March 2018E EPS) is ~18.1x
- ✓ We are estimating healthy 21% earnings CAGR, aided by a low base of 2HFY17 and a recovery in Metals, PSU Banks and Oil & Gas
- ✓ Two important near-term earnings headwinds to watch for:
- ✓ Our top ideas: Tata Motors, ICICI Bank, SBI, RBL, ITC, Britannia, Colgate, Crompton Consumer, UltraTech, JK Cements, L&T, Hindalco, JSPL, Bharti Airtel, IOCL

Economic Events Calendar, April 2017

	Monday	Tuesday	Wednesday	Thursday	Friday
	3-Apr-17	4-Apr-17	5-Apr-17	6-Apr-17	7-Apr-17
India	Nikkei PMI Manufacturing Index			Nikkei PMI Services, PMI Composite, RBI Credit Policy	
UK	Manufacturing PMI				Industrial Production, Manufacturing Production, Trade Balance
US	Manufacturing PMI, Composite PMI	Trade Balance, Factory Orders, Durable Goods orders	ADP Employment Change, Service PMI, FOMC Minutes of meeting	Initial Jobless Claims	Change in Nonfarm payroll, Unemployment rate,
	10-Apr-17	11-Apr-17	12-Apr-17	13-Apr-17	14-Apr-17
India	Trade Balance, Exports, Imports		CPI, IIP		
UK		CPI Index, Retail Price Index, Housing Price Index	Jobless Claims, Employment Change	BoE Credit conditions	
US	Labour Market condition		Monthly Budget Statement	Initial Jobless Claims	CPI, Retail sales Advance (MoM)
	17-Apr-17	18-Apr-17	19-Apr-17	20-Apr-17	21-Apr-17
India	WPI				
UK					
US		Housing starts, Industrial Production	US Fed Release Beige book	Initial Jobless Claims	Manufacturing PMI, Composite PMI, Existing Home sales
	24-Apr-17	25-Apr-17	26-Apr-17	27-Apr-17	28-Apr-17
India		Eight Infrastructure Industries			
UK					GDP (QoQ)
US		New Home sales		Wholesale Inventories, Retail Inventories, Intital Jobless claims, Pending Home sales	GDP (QoQ)

Note- CPI-Consumer Price Index, WPI-Wholesale Price Index, IIP- Index of Industrial Production, PMI-Purchasing Managers Index

Currency Ideas

USDINR



- ✓ USDINR (April contract) has tested possible channel support near 65.10 and has inched higher
- ✓ The 12-26 period MACD is showing sharp positive divergence which could lead to test of immediate resistance near 65.50 level
- ✓ Higher resistance is at 65.85 while lower support is at 64.80 levels

GBPINR



- ✓ GBPINR (April contract) tested key short-term resistance near 82.20 and closed near the same
- ✓ The pair is likely to open lower (as per parity) and could continue to face resistance near 82.20 for the short-term
- ✓ Selling on rallies is thus advised with test of short-term support at 81.20 levels looking possible

MOST Market Outlook

29th March 2017

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