



Nifty Outlook

Nifty Fut.	Reco.	MBP	SL	TGT
8170	BUY	8200	8110	8280

'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 8200-8300. Traders could continue their longs with a revised stop now below 7900.

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
67.36	67.20	67.05	67.60	67.75

The pair is likely to trade negatively as long as below resistance at 67.60. Selling is advised targeting 67.20 level.

Sectoral Outlook

Sector	Outlook
AUTO	Positive
MIDCAP	Positive

Outlook

- ✓ Indian markets saw a smart rally last week. Index gained over 5 percent. Banking, Auto, capital goods, software, and oil marketing companies did well. Larsen, BPCL, SBI, Tech Mahindra did well post results. Among the latest results, BHEL disappointed once again. Numbers were significantly below expectations. Coal India numbers were also below our estimates. The price increase announced could support the stock price though. Sun Pharma US subsidiary has received a subpoena which could bring negatives. Company also announces numbers today. Jubilant Foods same store sales growth was below the lower end of the guidance. Any sharp declines can be opportunity. Hindalco reported strong numbers for the quarter. There was a big beat in estimates. Stock looks attractive among the non-ferrous metals space. Global markets have held out well despite indications of a Fed rate hike to happen sooner. Dollar index has moved higher. Precious metals have continued to be weak while Crude has held ground. Asia is trading steady. Indian market is seeing good momentum and is expected to open higher.

Trading Idea - Cash & Future

Scrip	Reco	CMP	SL	Target
BAJAJAUTO	BUY	2564	2470	2880
PI INDS	BUY	671	620	780

Trading Idea - Derivatives

STRATEGY - Nifty Call butterfly spread

Instrument	B/S	Lot	Reco	CMP
June 8100 CE	Buy	1	126	177
June 8300 CE	Sell	2	51	77
June 8500 CE	Buy	1	15	25

Target Profit : 12000 Stop Loss : 3000

MOST Market Outlook

30th, May 2016

Trading Calls

BAJAJAUTO

CMP INR 2564
Target INR 2880

Buy

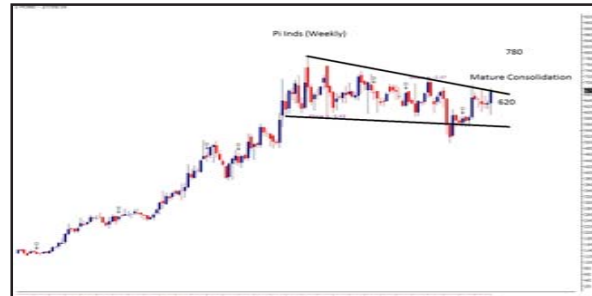


- ✓ 'Positive sector outlook. Breakout from the triangle formation indicates a steady upmove with its apex placed at 2400
- ✓ The pattern indicates a move upto 3100
- ✓ The stock could also be traded with a stop below 2470 for an intermediate target upto 2880

PI INDS

CMP INR 671
Target INR 780

Buy



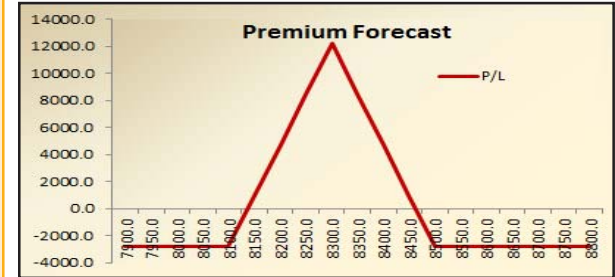
- ✓ 'Yearlong consolidation now seems mature. The pattern is well supported with incremental volumes & augurs well for the breakout
- ✓ We expect the momentum to accelerate once above 700 which could push the stocks towards 780. Fresh longs could be added with a trading stop below 620

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	480	-428	-50265
DII	69	7293	71914

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FII F&O

Institution	Net B/S	OI
Index Future	2162	Long
Index Options	1909	Long Call
Stock Futures	1014	Long

Road & transport ministry: India's first voluntary vehicle fleet modernisation or scrappage scheme??

	Sales	%change	EBITDA	%change	PAT	%change	Rationale	Description
Alkem	11.4	25.3	1.6	19.5	1.6	21.4	BUY/1700/A	<ol style="list-style-type: none"> EBITDA margin at 15.4% (vs. est of 16.4%), attributed to high R&D exp +7.6% in 4QFY16 (as compared to ~3.3% in 9MFY16) Dom & US to drive 20% Sales CAGR / 15% PAT CAGR over FY16-18 8-9 New products to drive growth; Trades cheap at 15x FY18E
BHEL	100.0	-21.8	3.6	-78.4	3.7	-61.7	Neutral/110/B	<ol style="list-style-type: none"> Lower sales [power & industrial segment down ~20% YoY] drive negative Op Lev Order book to sales at 4x but half of it is slow moving Cut ests by 26%; Trades at 23x FY18; Avoid
Bharat Electronics	31.1	6.2	8.9	13.0	7.0	-3.6	BUY/1450/I	<ol style="list-style-type: none"> Slow execution restricts growth; Orderbook/Sales at 4.5x PAT CAGR of 10% over FY16-18; Trades at 17x FY18; improved pace of decision making in defence key trigger
SBI	152.9	3.9	141.9	11.2	12.4	-66.2	BUY/245/I	<ol style="list-style-type: none"> Core operating performance in line; Slippages at INR303b v/s INR207b in 3QFY16 led by RBI asset quality review (~30% of slippages) Slippage ratio to moderate to 2.7% of loans in FY17 v/s ~5% for FY16; fee growth 18% YoY vs 7% in 3Q FY16 Cut earnings estimate by 16-20% for FY17/18E
IOC	800.2	-14.4	36.1	-60.0	12.4	-80.3	BUY/624/B	<ol style="list-style-type: none"> Lower GRM at USD3 (est. USD5.9/bbl) on USD4.5/bbl inventory loss Higher earnings predictability and (b) increase in profitability leading to higher RoEs; trades attractively at 6.8x/5.6x FY17E/FY18E
HPCL	421.3	-5.4	25.9	-24.4	15.5	-28.8	BUY/1359/I	<ol style="list-style-type: none"> GRMs flat YoY at USD7.6/bbl; Marketing margins at INR 2/ltr Subsidy sharing at nil; Trades at 7x FY18
Hindalco	86.7	-7.6	11.7	37.6	3.8	35.8	BUY/126/A	<ol style="list-style-type: none"> Al smelter's op perf stellar; EBITDA/T improved on all fronts; Exiting loss making mining business, Capex is behind; Net debt to decline; raise EBITDA est by 9%
Crompton Greaves	11.3	-4.8	0.9	48.7	1.1	38.4	BUY/70/A	<ol style="list-style-type: none"> Power systems -13% YoY, industrial systems improving; EBITDA margin at 7.9% vs est 6.5%; 14.1bn write off on investment in subsidiaries; value at 15x FY18E EPS
United Spirits	22.8	13	1.7	30.1	0.9	0.0	BUY/3200/B	<ol style="list-style-type: none"> Vols -4% (Premium +9%); EBITDA miss of 35% Guidance of 15% margins in long term (FY16: 9.2%) Cut ests by 18%; open offer rumour to support stock; Trades at 40x FY18

Currency Ideas

USDINR



- ✓ USDINR (June contract) rallied initially towards 67.90 level last week before giving up majority of the gains to settle lower at 67.36, down by about 0.2% for the period
- ✓ Looking ahead, 67.60 is likely to provide immediate resistance to the pair while 67.90-68 is likely to act as a stiff resistance area
- ✓ Selling on rallies is advised for the short-term targeting 67.20 level
- ✓ Breach of this support is likely to lead the pair lower towards next major support at 66.80 level

EURINR



- ✓ EURINR (June contract) continued to decline, closing lower by about 0.6% near 75.40 level last week after breaching trendline support 'S' near 76 level earlier
- ✓ Looking ahead, the pair is likely to find immediate resistance at 75.50 while stiff resistance is seen at 75.95-76.05 area
- ✓ The current decline is likely to extend lower towards 74.70-74.50 levels
- ✓ Selling on rallies is thus advised

MOST Market Outlook

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