

MOST Market Outlook

31st March 2017

Nifty Chart



Trading Idea - Cash & Future

Scrip	Reco	MBP	SL	Target
LT	BUY	1557	1546	1600

Corporate Action:

ASHARI	Bonus issue 4:1
INFRATEL	Interim Dividend - INR 12.00

Security in Ban period:

NIL

Today Event

India - Fiscal deficit and Eight Infrastructure Industries
US - Personal spending and Personal Income

Nifty Outlook

Nifty Fut.	R1	R2	S1	S2
9185	9218	9280	9119	9075

'Nifty index managed to hold above 9133 and headed towards 9200 zone on the last settlement day of March series. It formed a Bullish candle and registered a highest daily close. It has been making higher highs – higher lows from last three trading sessions and just 0.50% away from its life time high of 9218. It has been holding above its support trend line by connecting the lows of 8713, 8903 and 9024 levels. Now till it holds above 9133 zone, it has potential to head towards 9218 then 9280 while on the downside multiple supports are seen at 9119 and 9075.

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
65.09	65.00	64.85	65.35	65.50

Short-covering looks possible for the session as long as 64.85 is held as strong support. However, upside too will be capped around immediate resistance at 65.35.

Sectoral Outlook

Sector	Outlook
BANKS	POSITIVE
CAPITAL GOODS	POSITIVE

Trading Idea - Derivatives

STRATEGY : Banknifty Calendar Put Strategy

Instrument	B/S	Lot	Reco	CMP
Banknifty 6 Apr 21500 PE	Sell	1	358	327
Banknifty 27 Apr 21500 PE	Buy	1	167	148

Target: Rs. 6000 near 21500; SL: Rs.2500

Market Drivers

- ✓ Indian markets saw smart gains towards the end of session led by strong gains in Bank Index. This was led primarily by HDFC Bank. PSU banks also continued the positive momentum. Nifty, Bank Nifty and Mid cap index all closed at all-time highs on expiry day. Flows continued to be positive. Global cues are mixed but largely positive. Data from China was positive. Hopes of more action from Govt on the reforms front remains. Overall sentiment remains positive. Sectors like financials, metals, infra could continue to see interest. Auto stocks will be in lime-light ahead of monthly numbers. Nifty index changes are expected from tomorrow. Indiabulls Housing and IOC will replace Idea and BHEL. New entrants in F&O could be in lime-light as well.

Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 27-Apr	9500	2867250	-48075
Bank Nifty 27-Apr	21500	490640	336840
Bank Nifty 06-Apr	21500	143200	66040

Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 27-Apr	9000	3101100	553200
Bank Nifty 27-Apr	21000	306560	199200
Bank Nifty 06-Apr	21000	194080	87800

Trading Calls

LT

Buy

MBP INR 1557

Target INR 1600



- ✓ It has been consolidating in a small range from last 12 trading sessions and forming a Bullish Flag on the daily chart
- ✓ It has formed a strong price set up with significant delivery volumes near to 1550 which indicates a fresh leg of rally in the stock with better risk - reward ratio

Derivatives Idea

Banknifty

Sell 1 Lot 21500 PE

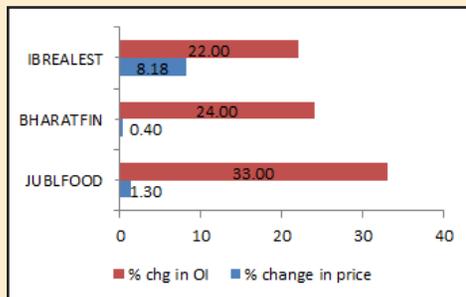
Buy 1 Lot 21500 PE

Calendar Put Strategy

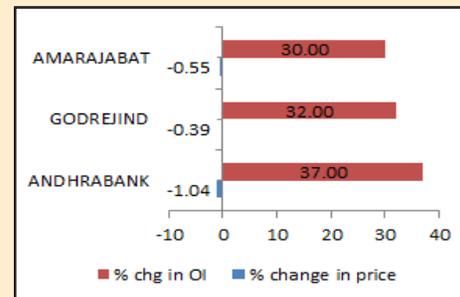


- ✓ Banknifty is close to its highest call congestion of 21500. As we have RBI policy on 06 April, Volatility is expected to increase
- ✓ Based on residual premium of monthly expiry on 06April, tentative pay-off is shown below. To participate momentum, Calendar Put spread is recommended

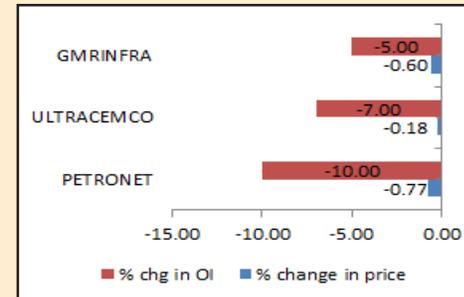
Long Built-up (Combined)



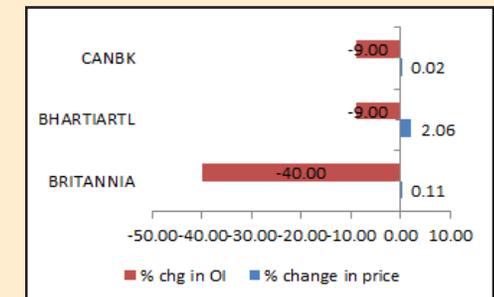
Short Built-up (Combined)



Long Unwinding (Combined)



Short Covering (Combined)



FII & DII Activity (Rs. in Cr)

Cat.	Amt	MTD	YTD
FII	68	26768	49858
DII	1702	-5895	11542

FII F&O

Institution	Net B/S	OI
INDEX FUTURES	1244	Unwinding
INDEX OPTIONS	3921	Unwinding
STOCK FUTURES	-1542	Unwinding

Morning Meet Notes

Research Notes

Kotak Mahindra Bank - KMB announces board approval to sell 62m shares (CMP 865, TP 1015, Recom. BUY)

- ✓ 3.4% pre-issue dilution and capital raise of INR53b at CMP, promoter shareholding will be 31.04%
- ✓ capital raise would further strengthen its tier 1 capital by ~225-250bp (16.2% currently) and would be accretive to BV by ~9% in FY18 and 7.5% in FY19
- ✓ KMB will trade at 3.3/2.9x FY18E/FY19E BV after taking capital raise into consideration
- ✓ Reiterate Buy: Strong earnings visibility across business segments

Automobiles - Pre-buying to aid 2W/CV volume growth

- ✓ Volumes for 2Ws and CVs would benefit from the unexpected discounts
- ✓ Momentum in PVs is expected to continue, led by continued new launches, rural recovery post demonetization and festive buying
- ✓ Maruti is expected to outperform the PV industry, while AL and TVS should outperform the CV and 2W industries, respectively

	Mar-17	Mar-16	YoY (%) chg	Feb-17	MoM (%) chg
Maruti Suzuki	143,225	129,297	10.8	130,280	9.9
Mahindra & Mahindra	70,101	65,663	6.8	57,721	21.4
Tata Motors	70,717	53,057	33.3	47,573	48.7
Hero MotoCorp	676,582	606,542	11.5	524,766	28.9
Bajaj Auto	303,848	305,466	-0.5	273,513	11.1
Ashok Leyland	22,953	16,702	37.4	14,067	63.2
TVS Motor	261,012	231,560	12.7	211,470	23.4

- ✓ Our top picks are TTMT, MSIL and Amara Raja (AMRJ). Mahindra & Mahindra (MM) as the best play on rural market recovery.

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



- ✓ NSE USDINR traded in a consolidative range in the previous session closing flat around 65.09.
- ✓ Short-term resistances for the pair remains at 65.50 - 65.60 area whereas strong short-term support is placed at 64.85.
- ✓ Initial pullback looks possible as the 14-period RSI remains in over sold zone below 20.
- ✓ Downside for the pair will extend only if price break and sustains below support and it could test 64.85 levels.

EURINR



- ✓ EURINR continued its weakness for the third straight session closing at 70.08
- ✓ Bias for the pair remains sideways-to-negative in short-term and pullbacks towards 70.00 can again be a good selling opportunity.
- ✓ Immediate resistance is around 70.40 whereas critical resistance is at 70.90 - 71 levels.
- ✓ Selling on rise is advised targeting 69.60 - 69.45 levels.

MOST Market Outlook

31st March 2017

Dharmesh Kant (Head - Retail Research)
Dharmesh.Kant@motilaloswal.com

Chandan Taparia (Derivatives & Technical Analyst)
Chandan.Taparia@motilaloswal.com

Tina Gadodia (Derivatives Analyst)
Tina.Gadodia@motilaloswal.com

Disclaimer: This document has been prepared by Motilal Oswal Securities Limited (hereinafter referred to as Most) to provide information about the company(ies) and/or sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies). This report is for personal information of the selected recipient/s and does not constitute to be any investment, legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and Motilal Oswal Securities Limited (hereinafter referred to as MOST) is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur.

MOST and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group. We and our affiliates have investment banking and other business relationships with a some companies covered by our Research Department. Our research professionals may provide input into our investment banking and other business selection processes. Investors should assume that MOST and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may educate investors on investments in such business. The research professionals responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting information. Our research professionals are paid on twin parameters of performance & profitability of MOST

MOST generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, MOST generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing among other things, may give rise to real or potential conflicts of interest. MOST and its affiliated company(ies), their directors and employees and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the affiliates of MOST even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

Reports based on technical and derivative analysis center on studying charts company's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamental analysis. In addition MOST has different business segments / Divisions with independent research separated by Chinese walls catering to different set of customers having various objectives, risk profiles, investment horizon, etc, and therefore may at times have different contrary views on stocks sectors and markets.

Unauthorized disclosure, use, dissemination or copying (either whole or partial) of this information, is prohibited. The person accessing this information specifically agrees to exempt MOST or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOST or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOST or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. The information contained herein is based on publicly available data or other sources believed to be reliable. Any statements contained in this report attributed to a third party represent MOST's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. This Report is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. While we would endeavor to update the information herein on reasonable basis, MOST and/or its affiliates are under no obligation to update the information. Also there may be regulatory, compliance, or other reasons that may prevent MOST and/or its affiliates from doing so. MOST or any of its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. MOST or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This report is intended for distribution to institutional investors. Recipients who are not institutional investors should seek advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents.

Most and its associates may have managed or co-managed public offering of securities, may have received compensation for investment banking or merchant banking or brokerage services, may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Most and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.

Subject Company may have been a client of Most or its associates during twelve months preceding the date of distribution of the research report

MOST and/or its affiliates and/or employees may have interests/positions, financial or otherwise of over 1 % at the end of the month immediately preceding the date of publication of the research in the securities mentioned in this report. To enhance transparency, MOST has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

Motilal Oswal Securities Limited is under the process of seeking registration under SEBI (Research Analyst) Regulations, 2014.

There are no material disciplinary action that been taken by any regulatory authority impacting equity research analysis activities

Motilal Oswal Securities Limited is registered as a Research Analyst under SEBI (Research Analyst) Regulations, 2014. SEBI Reg. No. INH000000412

A graph of daily closing g prices of securities is available at www.nseindia.com and <http://economictimes.indiatimes.com/markets/stocks/stock-quotes>.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The research analysts, strategists, or research associates principally responsible for preparation of MOST research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues

Disclosure of Interest Statement

1. Analyst ownership of the stocks mentioned above
2. Served as an officer, director or employee

No
No

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOST & its group companies to registration or licensing requirements within such jurisdictions.



Motilal Oswal Securities Ltd

Motilal Oswal Tower, Level 6, Sayani Road, Prabhadevi, Mumbai 400 025
Phone: (91-22) 30894200 Fax: (91-22) 22885038. E-mail: info@motilaloswal.com