

27th May, 2024

Most
Market
 **OUTLOOK**



Morning Market Outlook

- Rally in the US market on Friday, positive opening in the Asian markets, falling oil price to 2-month low and impressive corporate results, may open domestic bourses on a positive note.
- US market surged over 1% led by technology stocks rose after data showed American consumers tempered inflation expectations, bolstering sentiment regarding prospects for Federal Reserve rate-cuts this year.
- US Dollar Index (below 105) and US Vix (Volatility Index) fell to 1-month low at below 12 on expectation of rate cut by US Fed. Gift Nifty is flat to positive. US Inflation data, personal consumption and domestic final phase voting will be in focus this week.

Actionable Idea for the Day

Technical Pick:

Coal India : Buy

(CMP 501 SL 485 TP 530)

2-3 Days)

Fundamental Pick:

Hindalco : Buy

(CMP : 673, TP: 790)

(Duration 1 Year)

Index Levels :

Nifty Cash	R1	R2	S1	S2
22,957	23,200	23,350	22,850	22,700
BankNifty Cash	R1	R2	S1	S2
48,971	49,250	49,500	48,500	48,250

Top 5 Investment Idea

Stock Name	Rating	CMP	TP	Upside
Kolte Patil	Buy	515	700	36%
HDFC Bank	Buy	1,517	1950	29%
HUL	Buy	2,370	2900	22%
Polycab	Buy	6,684	7850	17%
Ashok Leyland	Buy	211	245	16%

Fundamental Outlook

Global Market Summary:

- US markets rebounded on Friday from the previous day's losses on news of an improving consumer outlook on inflation. The S&P 500 gained 0.70%, and the Nasdaq Composite advanced 1.10%.
- Dow Futures is trading 48 points lower.
- European indices ended mixed. Asian markets today, are trading higher.
- Global Cues: Mixed

Indian Market Summary:

- Nifty consolidated at a higher zone after making another fresh high of 23026 level. The index closed with a marginal loss of 17 points at 22951 levels.
- FII: -Rs944 crore DII: +Rs2320 crore. Currently GIFT Nifty is trading flat.
- **Domestic Cues: Flat to Positive**

News and Impact :

Tata Power : The company is planning to raise ~\$1 billion for clean energy projects

Impact: **Positive**

Indian Oil Corporation: The company acquired a 100% stake in Mercator Petroleum for Rs 154 crore

Impact: **Positive**

Hindalco: CMP INR673 TP INR790, Upside 17% Buy

- HNDL's 4QFY24 performance for the India business has been better than estimates, driven by a robust show across aluminum and copper businesses.
- Novelis also witnessed a marked improvement in profitability. Novelis would continue to see margin improvement across FY25 and FY26.
- Consolidated EBITDA grew 25% YoY/14% QoQ, led by better performance across business segments. Sequential EBITDA growth was driven by better performance of India aluminum, copper, and Novelis.
- APAT stood at INR32b up by +32% YoY and +36% QoQ in 4QFY24

View: Buy

Divis Lab: CMP INR4122

- The company delivered a strong beat on earnings in 4QFY24, fuelled by a revival in the Custom Synthesis (CS) business.
- Its revenue grew 18% YoY. EBITDA margin expanded by 650bp YoY to 31.7% (our est: 26.8%), largely due to higher GM supported by lower employee costs/other expenses. PAT grew 65.7% YoY.
- DIVI has been making great strides in both the CS and API segments through a strong chemistry skill set. We expect a 27% earnings CAGR over FY24-26.

View: Positive

NIFTY (CMP : 22957) Nifty immediate support at 22850 then 22700 zones while resistance at 23200 then 23350 zones. Now it has to hold above 22900 zones for an up move towards 23200 then 23350 zones whereas supports are shifting higher at 22850 then 22700 zones.



BANK NIFTY (CMP : 48971) Bank Nifty support at 48500 then 48250 zones while resistance at 49250 then 49500 zones. Now it has to continue to hold above 48750 zones for an up move towards 49250 then 49500 zones while on the downside support has shifted higher at 48500 then 48250 levels.

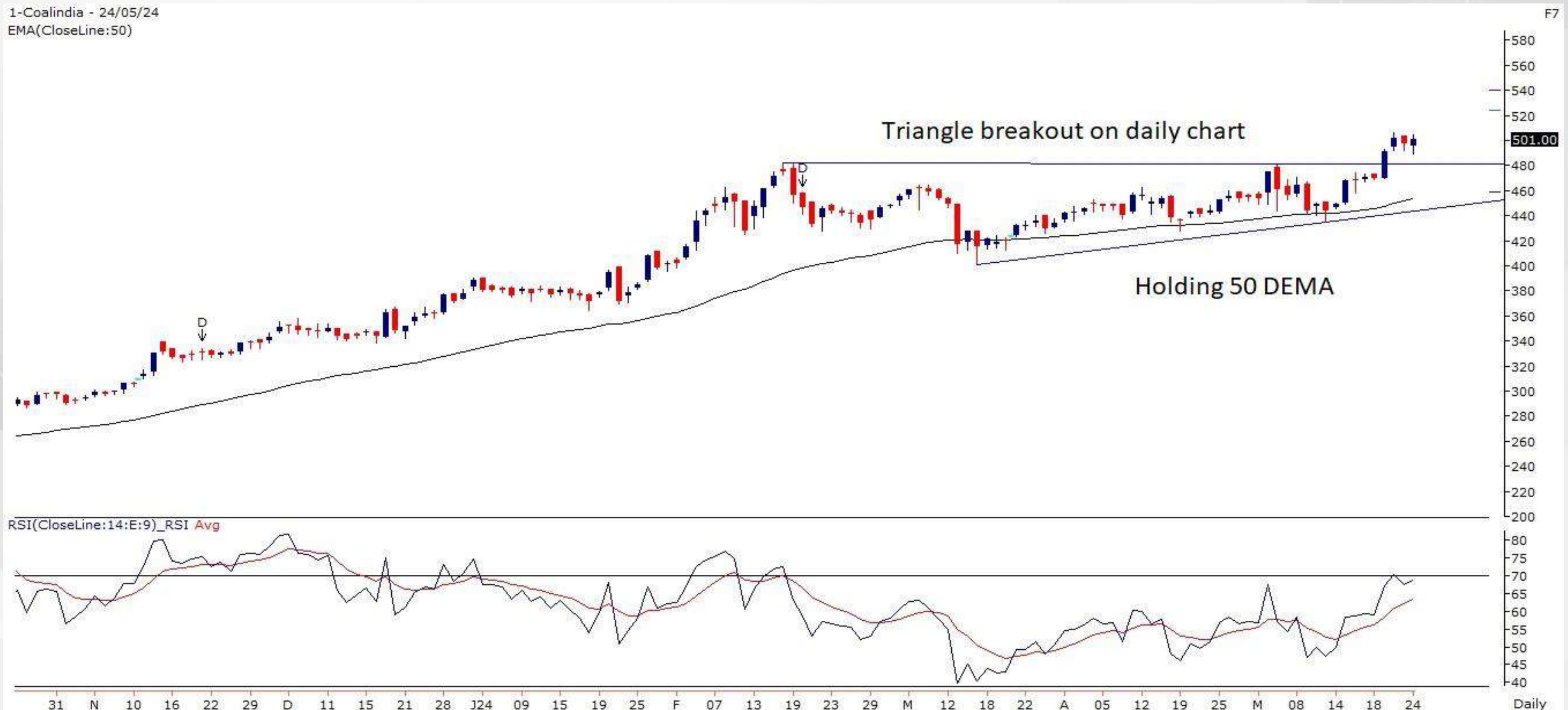
1-Niftybank - 24/05/24



Technical Trading Idea

Coal India : Buy CMP : 501 Target : 530 SL : 485 Duration : 2-3 Days

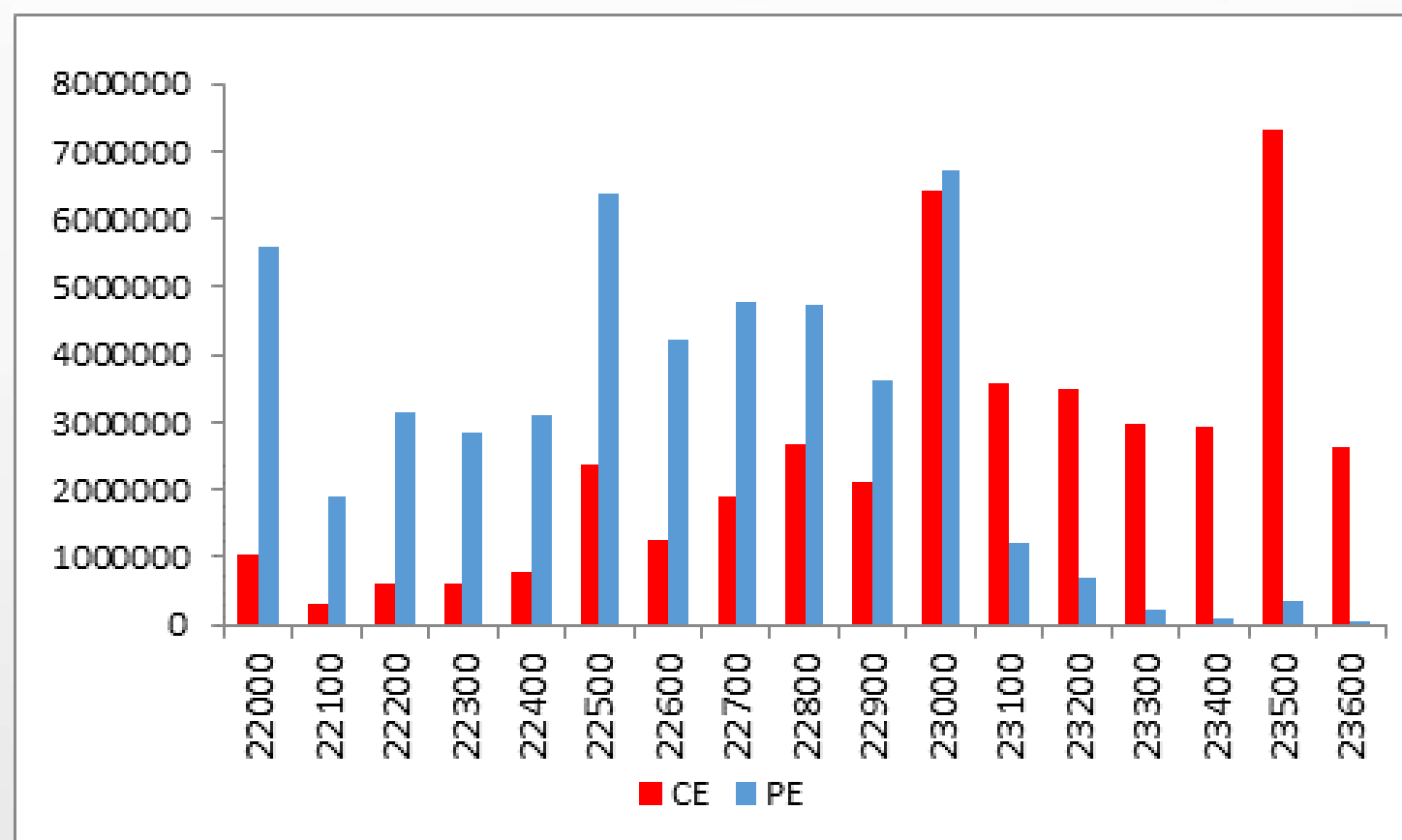
- Coal India has given triangle breakout on daily chart and managed to close above the same. It has formed a bullish candle on daily scale and supports are gradually shifting higher.
- Momentum indicator Relative Strength Index (RSI) is positively placed which may support the ongoing up move.



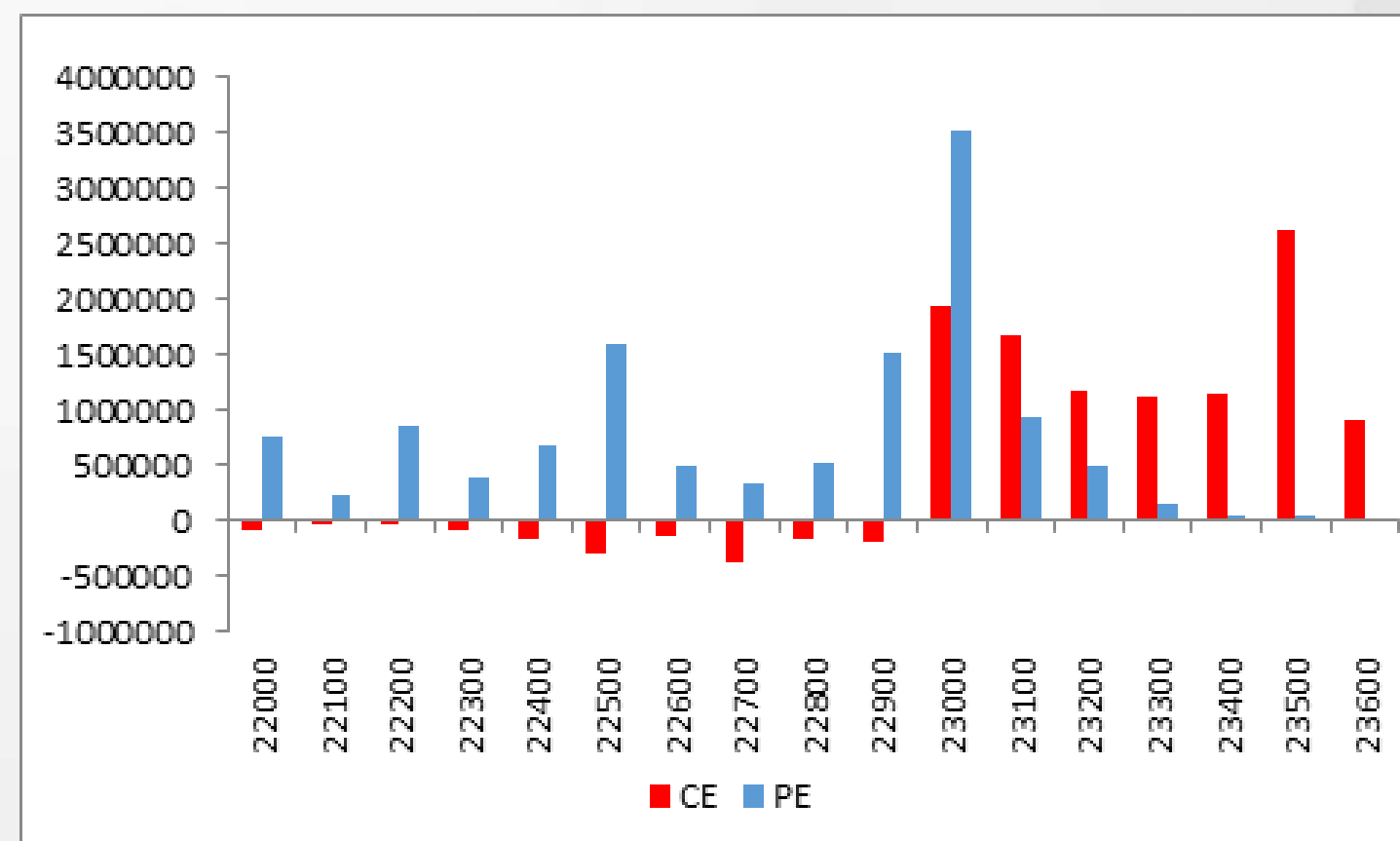
Derivative Outlook

- Nifty May future closed at 23,019.60 with a premium of 62.50 point v/s 30.05 point premium in the last session.
- Nifty futures OI increased by 4.04% to 1.73 Cr and Bank Nifty futures OI increased by 4.07% to 29.99 Lakhs.
- Nifty Put/Call Ratio (OI) increased from 1.37 to 1.14 level.
- India VIX was up by 1.54% from 21.38 to 21.71 levels. Volatility spiked above 24 levels during the week and added momentum at the life time high levels. VIX needs to fall below 16-18 zones for stability and a smoother ride in the market.
- On weekly front, Maximum Call OI is at 23000 then 23500 strike while Maximum Put OI is at 23000 then 22500 strike. Call writing is seen at 23500 then 23000 strike while Put writing is seen at 23000 then 22500 strike. Option data suggests a broader trading range in between 22500 to 23500 zones while an immediate range between 22700 to 23200 levels.

Nifty OI



1-Day change in Nifty OI



- **Option Buying:** Buy Nifty 23050 Call till it holds above 22900 zones. Buy Bank Nifty 49200 Call till it holds above 48750 zones.
- **Option Strategy:** Nifty Bull Call Spread (Buy 23000 CE and Sell 23200 CE) at net premium cost of 70-80 points. Bank Nifty Bull Call Ladder Spread (Buy 49000 CE, Sell 49500 CE and Sell 49800 CE) at net premium cost of 120 - 140 points.
- **Option Writing:** Sell Nifty 22400 PE and Sell 23500 CE at inflow of 24-26 points with strict double SL. Sell Bank Nifty 47400 PE and Sell 50300 CE at inflow of 55-60 points with strict stop loss due to higher volatility.

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