

30th May, 2024

Most  
**Market**  
 **OUTLOOK**



## Morning Market Outlook

- Expects market to open on a weak note on account of sharp decline across the global markets. Poor response of US 5-year treasuries auction sale, rising US Bond Yield to 1-month high and hawkish statement by many US Fed officials pulled down across the global markets.
- US markets slipped up to 1% to close 2-week low as US 10-Year bond Yield spiked to 1-month high at 4.61%. Gift Nifty decline 0.3% However, small cap and mid-cap stocks posted modest gains yesterday backed by good quarterly results.
- Expect higher swings to continue as Nifty May F&O expiry series and outcome of Union election results on 4th June to add volatility going ahead.

### Actionable Idea for the Day

#### Technical Pick:

**HUDCO : Buy**

**(CMP 262 SL 250 TP 285)**

**2-3 Days)**

#### Fundamental Pick:

**Samvardhana Motherson : Buy**

**(CMP : 148, TP: 170)**

**(Duration 1 Year)**

### Index Levels :

Nifty Cash	R1	R2	S1	S2
22,704	22,900	23,110	22,550	22,400
BankNifty Cash	R1	R2	S1	S2
48,501	48,750	49,000	48,250	48,000

### Top 5 Investment Idea

Stock Name	Rating	CMP	TP	Upside
L&T	Buy	3,628	4,400	21%
KEI Ind	Buy	4,183	5,000	20%
Bharti Airtel	Buy	1,375	1,640	19%
Dabur	Buy	555	650	17%
Concor	Buy	1,081	1,260	17%

## Global Market Summary:

- US markets fell yesterday amid concerns over high interest rates, especially ahead of key inflation data due on Friday. S&P 500 fell 0.7%, NASDAQ fell 0.6% while Dow declined 1.1%
- US 10-year bond yield continued to surge at 1-month high at 4.6%.
- Dow Futures is trading 0.7% lower. European indices yesterday ended 0.8-1.5% lower.
- Asian markets today, are mostly trading in red.
- **Global Cues: Weak**

## Indian Market Summary:

- Nifty opened gap down and remained under pressure throughout the session to finally close with loss of 183 points (-0.8%) at 22704 levels. Monsoon onset over Kerala, Northeast likely by today
- S&P upgraded India's outlook to 'positive', forecast GDP growth at 6.8%. India's Q4 GDP to be released tomorrow. FIIs: -Rs5841 crore DIIs: +Rs5233 crore. Currently GIFT Nifty is trading -0.3% lower (75 points down). Domestic Cues: Weak

## News and Impact :

**ICICI Bank & SBI:** S&P Global Ratings has revised the outlook on six Indian banks, including Axis Bank, Sate Bank of India, Axis Bank, ICICI Bank, Kotak Mahindra Bank, and Indian Bank. and HDFC Bank, from “stable” to “positive.” This follows a similar action on India's sovereign (BBB-/Positive. **Impact: Positive**

**Edelweiss Financial Services:** RBI has stopped Edelweiss Asset Reconstruction Co., the subsidiary of the company from acquiring any stressed assets, according to a supervisory action notification.

**Impact: Negative**

## Cummins India: CMP Rs3827

- Revenue at INR23.2b came in ahead of our and consensus estimates, up 20% YoY.
- Gross margin at 36% saw a healthy ~330bp YoY expansion due to a higher contribution of CPCB IV+ products in the revenue mix.
- PAT grew by 76%/23% YoY/QoQ at INR5.6b on the back of robust operational performance and 57% YoY growth in other income to INR2b.
- We remain positive on Cummins considering 1) long-term demand drivers for the powergen segment, 2) its readiness for emission norm transition with a strong product portfolio, and 3) its ability to sustain margins.

**View: BUY**

## Samvardhana Motherson Int: CMP INR148, TP INR170, 15% Upside, Buy)

- Samvardhana Motherson (MOTHERSO) reported robust performance in 4QFY24 as EBITDA/PAT exceeded our estimates
- Consol revenues grew 19% YoY to INR268.6b, Consol EBITDA grew 32% to INR26.7b, while Consol adj. PAT grew 46% YoY to INR9.2b (vs est INR6.6b).
- Given its well-diversified presence across components, geographies and customers, MOTHERSO is emerging as the key beneficiary of the growing popularity of EVs and the rising trend of premiumization across segments.
- We are positive due to i) significant growth potential in the coming years for its non-auto divisions, particularly aerospace and consumer electronics, and ii) improved margins.

**View: BUY**

# Nifty Technical Outlook

**NIFTY (CMP : 22704)** Nifty immediate support at 22550 then 22400 zones while resistance at 22900 then 23110 zones. Now it has to cross and hold above 22700 zones for the momentum to regain for an up move towards 22900 then 23110 zones whereas supports can be seen at 22550 then 22400 zones.



**BANK NIFTY (CMP : 48501)** Bank Nifty support at 48250 then 48000 zones while resistance at 48750 then 49000 zones. Now till it holds below 48750 zones some weakness could be seen towards 48250 then 48000 zones while on the upside hurdle is seen at 48750 then 49000 levels.

2-Niftybank - 29/05/24

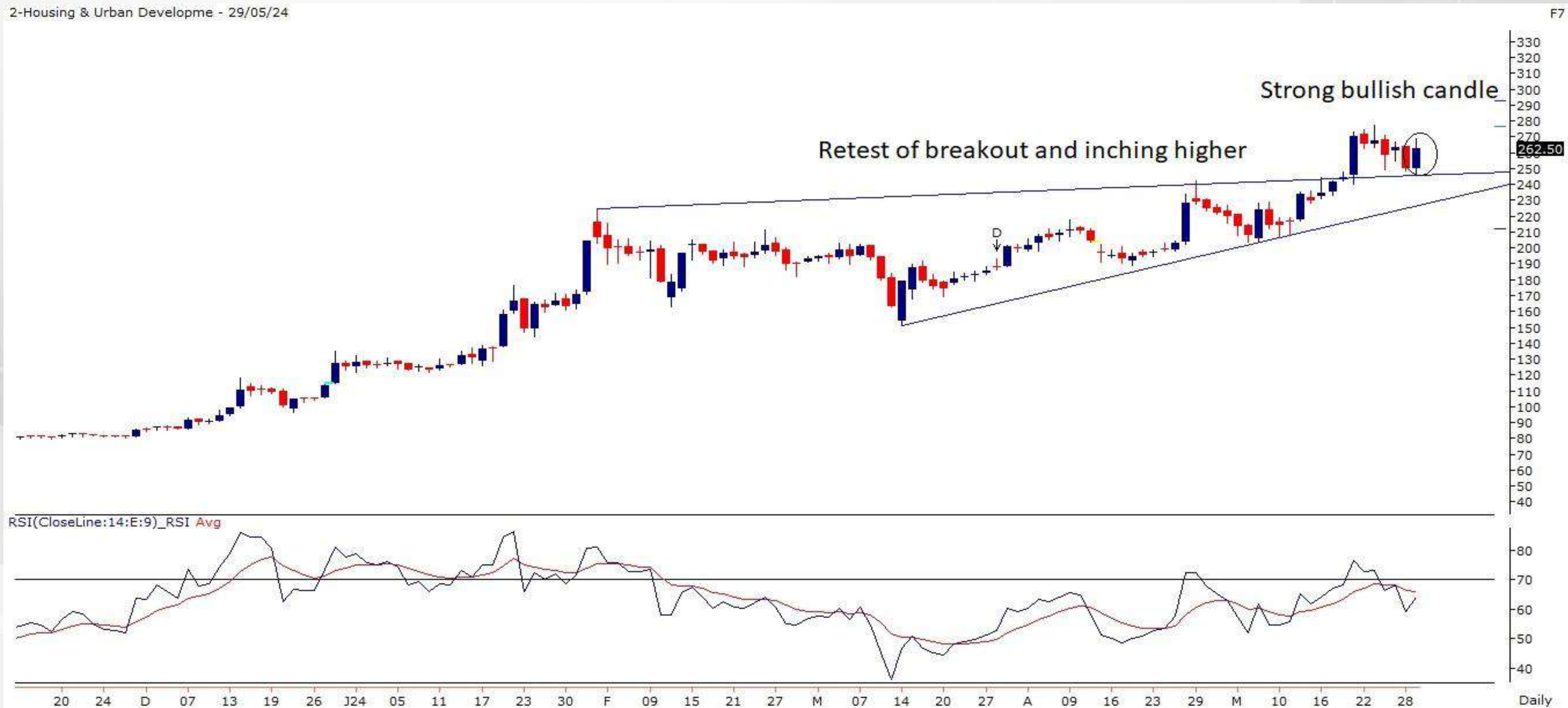


# Technical Trading Idea

**HUDCO : Buy      CMP : 262      Target : 285      SL : 250      Duration : 2-3 Days**

- Hudco has retested breakout on daily chart and inching higher. It has formed a bullish candle on daily scale and negated lower highs after four trading sessions.
- Momentum indicator Relative Strength Index (RSI) is positively placed which may support the ongoing up move.

2-Housing & Urban Developme - 29/05/24

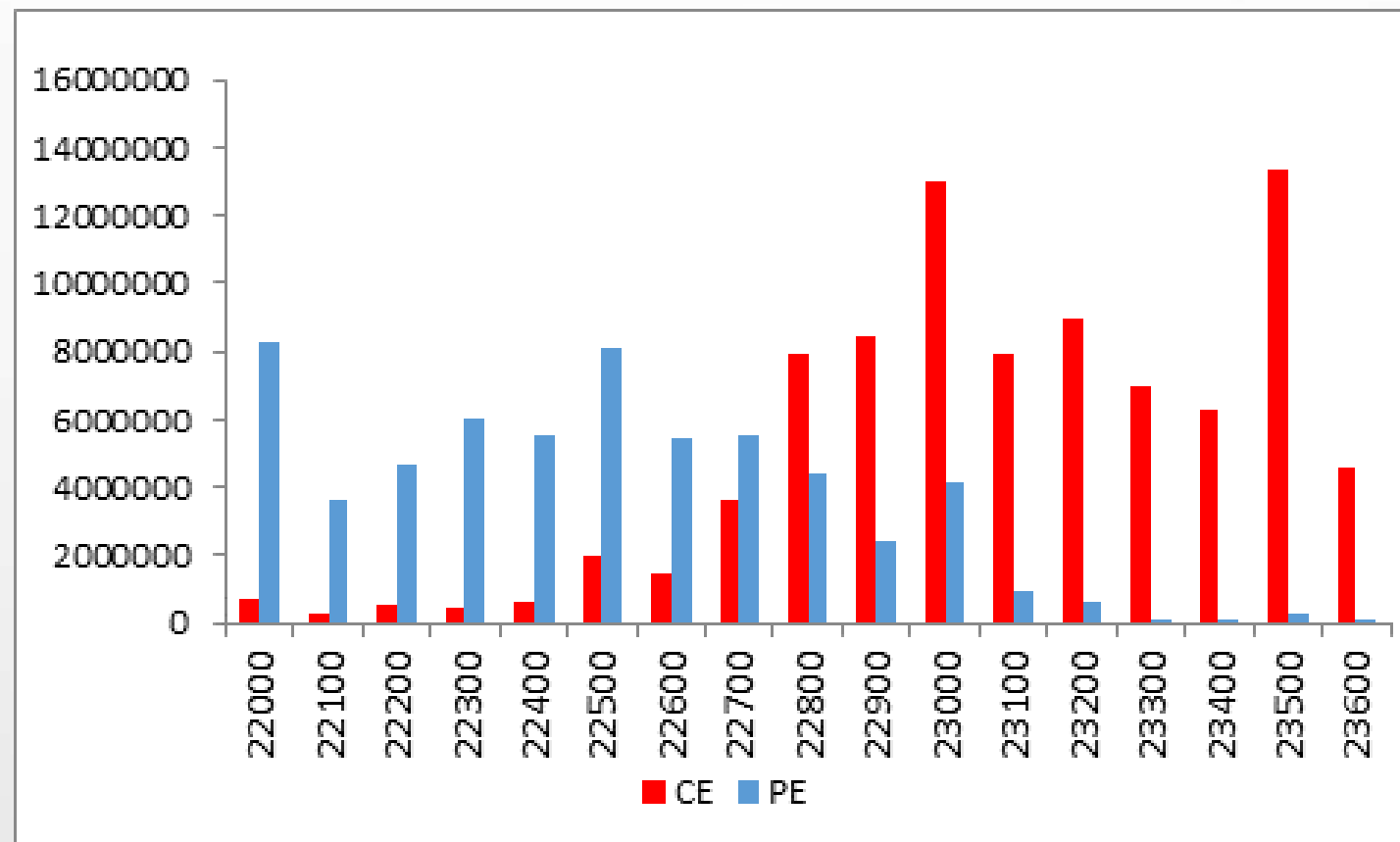


## Derivative Outlook

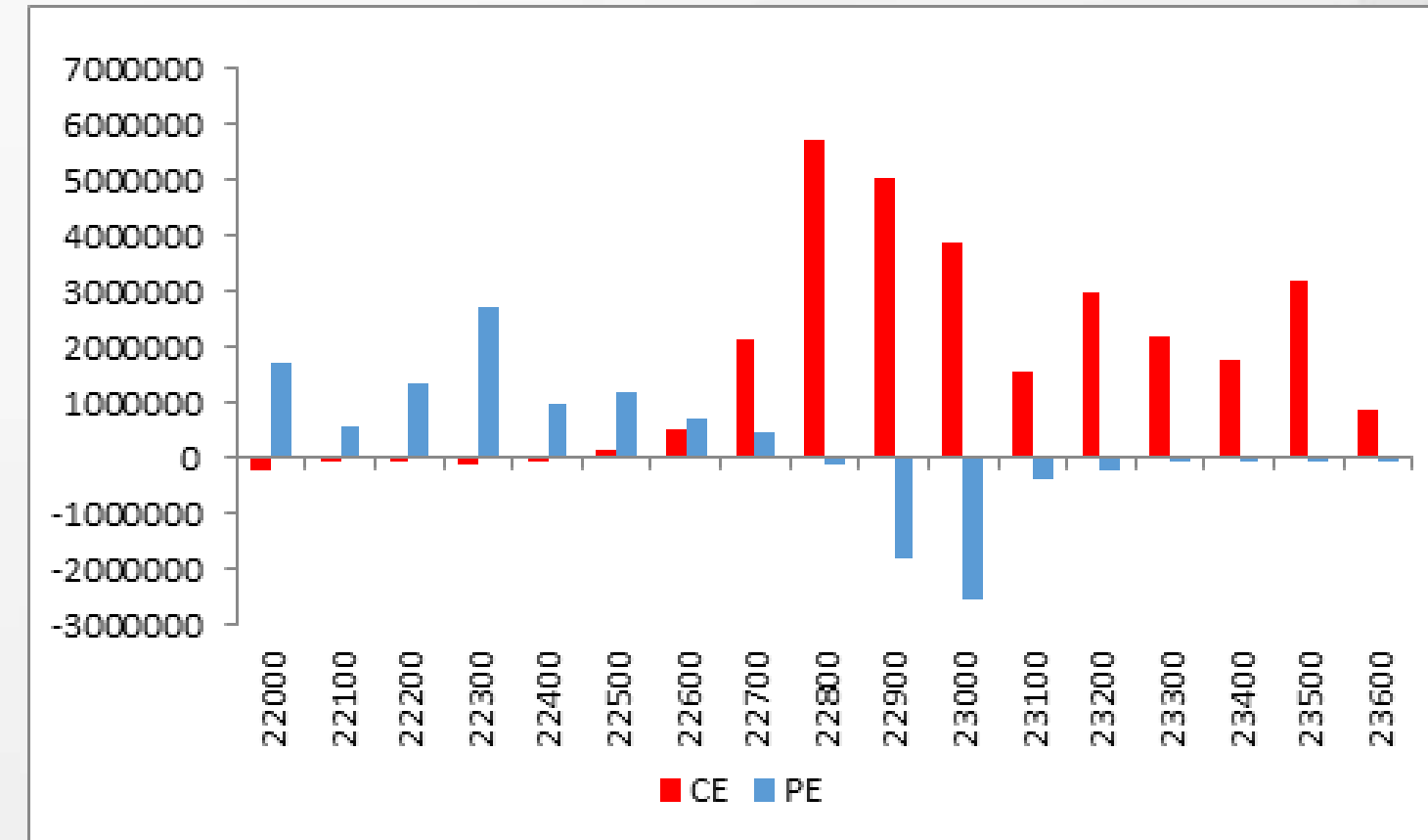
- Nifty May future closed at 22,743.80 with a premium of 39.10 point v/s 49.10 point premium in the last session.
- Nifty futures OI decreased by 1.56% to 1.68 Cr and Bank Nifty futures OI decreased by 18.95% to 23.10 Lakhs.
- Nifty Put/Call Ratio (OI) decreased from 0.94 to 0.79 level.
- India VIX was marginally down by 0.08% from 24.20 to 24.18 levels. Volatility spiked to 24.5 levels during the week and has caused discomfort to the bulls. VIX needs to fall below 16-18 zones for stability and a smoother ride in the market.
- On Option front, Maximum Call OI is at 23000 then 22900 strike while Maximum Put OI is at 22500 then 22700 strike. Call writing is seen at 22900 then 22900 strike while minor Put writing is seen at 22500 then 22600 strike. Option data suggests a broader trading range in between 22500 to 23000 zones.



## Nifty OI



## 1-Day change in Nifty OI



- **Option Buying:** Buy Nifty 22700 Call if it crosses and holds above 22700 zones. Buy Weekly Bank Nifty 47500 Put till it holds below 48750 zones.
- **Option Strategy:** Nifty Bull Call Ladder Spread (Buy 22700 CE, Sell 22800 CE and Sell 22850 CE) at net premium cost of 25-30 points. Bank Nifty Weekly Bear Put Spread (Buy 48500 PE and Sell 48000 PE) at net premium cost of 150 - 180 points.
- **Option Writing:** Sell Nifty 22450 PE and Sell 22950 CE at inflow of 18-20 points with strict double SL. Sell Weekly Bank Nifty 47000 PE and Sell 54000 CE at inflow of 40-50 points with strict stop loss due to higher volatility (Far OTM strikes due to higher IVs, liquidity to be kept in mind for strike selection).

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