

31st May, 2024

Most  
**Market**  
 **OUTLOOK**



- Asian markets opened positively, with the US 10-Year bond yield retracting from a one-month high ahead of today's US Inflation data today, alongside a notable drop in oil prices. This trend suggests a potentially upbeat start for domestic equity markets.
- However, hawkish remarks from US Fed officials and disappointing earning guidance from Salesforce led to a 1% downturn in the US market.
- Currently, the Gift Nifty is marginally up by 0.3%. With the final phase of the Lok Sabha Elections 2024 scheduled for Saturday, market watchers anticipate a surge of exit polls on Saturday evening, heightening prevailing uncertainty.
- Given this climate, ongoing volatility is expected, urging traders to exercise caution and refrain from aggressive buying until the election results on 4th June.

## Actionable Idea for the Day

### Technical Pick:

**Dixon : Buy**

**(CMP 9308 SL 9000 TP 10000)**

**2-3 Days)**

### Fundamental Pick:

**Muthoot Finance : Positive**

**(CMP : 1673)**

**(Duration 1 Year)**

## Index Levels :

Nifty Cash	R1	R2	S1	S2
22,488	22,600	22,750	22,350	22,222
BankNifty Cash	R1	R2	S1	S2
48,682	49,250	49,500	48,250	48,000

## Top 5 Investment Idea

Stock Name	Rating	CMP	TP	Upside
KEI Ind	Buy	4,111	5000	22%
L&T	Buy	3,643	4400	21%
Bharti Airtel	Buy	1,382	1640	19%
Concor	Buy	1,069	1260	18%
SBI	Buy	829	925	12%

# Fundamental Outlook

## Global Market Summary:

- US markets yesterday, ended 0.5-1% lower, after a disappointing Salesforce forecast. Even US GDP fell 0.3% to 1.3%. Dow Futures is trading 0.1% lower.
- European indices yesterday gained ~0.5%. Asian markets today, are all trading ~0.5% higher.
- **Global Cues: Muted**

## Indian Market Summary:

- Nifty yesterday, opened lower and continued its slide for the 5th trading session, closing with loss of 216 points (-0.95%) at 22488 levels. FII: -Rs3050 crore DII: +Rs3433 crore.
- Currently GIFT Nifty is trading +0.1% higher (24 points up).
- **Domestic Cues: Muted**

## News and Impact :

**Sun Pharma/ Dr Reddy** : Sun Pharma and Dr Reddy's Laboratories are recalling products in the US market due to manufacturing issues as per the US Food and Drug Administration (USFDA). **Impact: Negative**

**Power Companies:** India's peak electricity demand touched a new high of 250 GW on Thursday as the temperatures rose across states. At this level, the peak power demand had already crossed last year's peak of 243.3 GW recorded in September. Meanwhile, power demand during the non-solar hours too reached an all-time high of 234.3 GW on Wednesday across the country. **Impact: Positive**



## Muthoot Finance: CMP INR1673

- MUTH's 4QFY24 robust performance was led by: 1) gold loan growth of ~18% YoY to ~INR729b; 2) NIM expansion of ~75bp QoQ to 11.9%; and 3) the rise in gold tonnage by ~2% QoQ to 188 tons.
- 4Q PAT grew 17% YoY and 3% QoQ to ~INR10.6b (in line). Net total income grew 14% YoY to ~INR22b (8% beat), and PPOP grew 17% YoY to ~INR15.1b (9% beat).
- Gold loan growth was also supported by increase in the customer base by ~2% QoQ to ~5.7m. Higher gold prices during the quarter resulted in LTV declining ~2pp QoQ to ~63%.
- We expect AUM/PAT CAGR of ~14%/17% over FY24-FY26E and RoA/ RoE of ~5.3%/18% in FY26. Like last year, we expect higher gold prices to support gold loan growth for the sector as well as for MUTH, given that the company can further improve the LTV by leveraging top-ups on gold loans.

**View: Positive**

## Bharat Dynamics: CMP INR1546

- Bharat Dynamics net profit for Q4FY24 jumped 89% YoY to Rs 288.77 crore
- Revenue grew 7% to Rs854cr
- EBITDA surged 73% to Rs317cr with margin expanding to 37.1% vs 23% YoY

**View: Positive**

**NIFTY (CMP : 22488)** Nifty immediate support at 22350 then 22222 zones while resistance at 22600 then 22750 zones. Now till it holds below 22500 zones some weakness could be seen towards 22350 then 22222 zones whereas hurdles can be seen at 22600 then 22750 zones.





# Bank Nifty Technical Outlook

**BANK NIFTY (CMP : 48682)** Bank Nifty support at 48250 then 48000 zones while resistance at 49250 then 49500 zones. Now it has to continue to hold above 48500 zones for a bounce towards 49250 then 49500 zones while a hold below the same could see some weakness towards 48250 then 48000

1-Niftybank - 30/05/24



# Technical Trading Idea

**Dixon : Buy      CMP : 9308      Target : 10000      SL : 9000      Duration : 2-3 Days**

- Dixon is in overall uptrend and holding gains at higher zones. It has given consolidation breakout on daily scale and relatively outperforming within IT space.
- Momentum indicator RSI is positively placed which has bullish implications.

1-Dixon Technologies (india - 30/05/24)  
EMA(CloseLine:50)



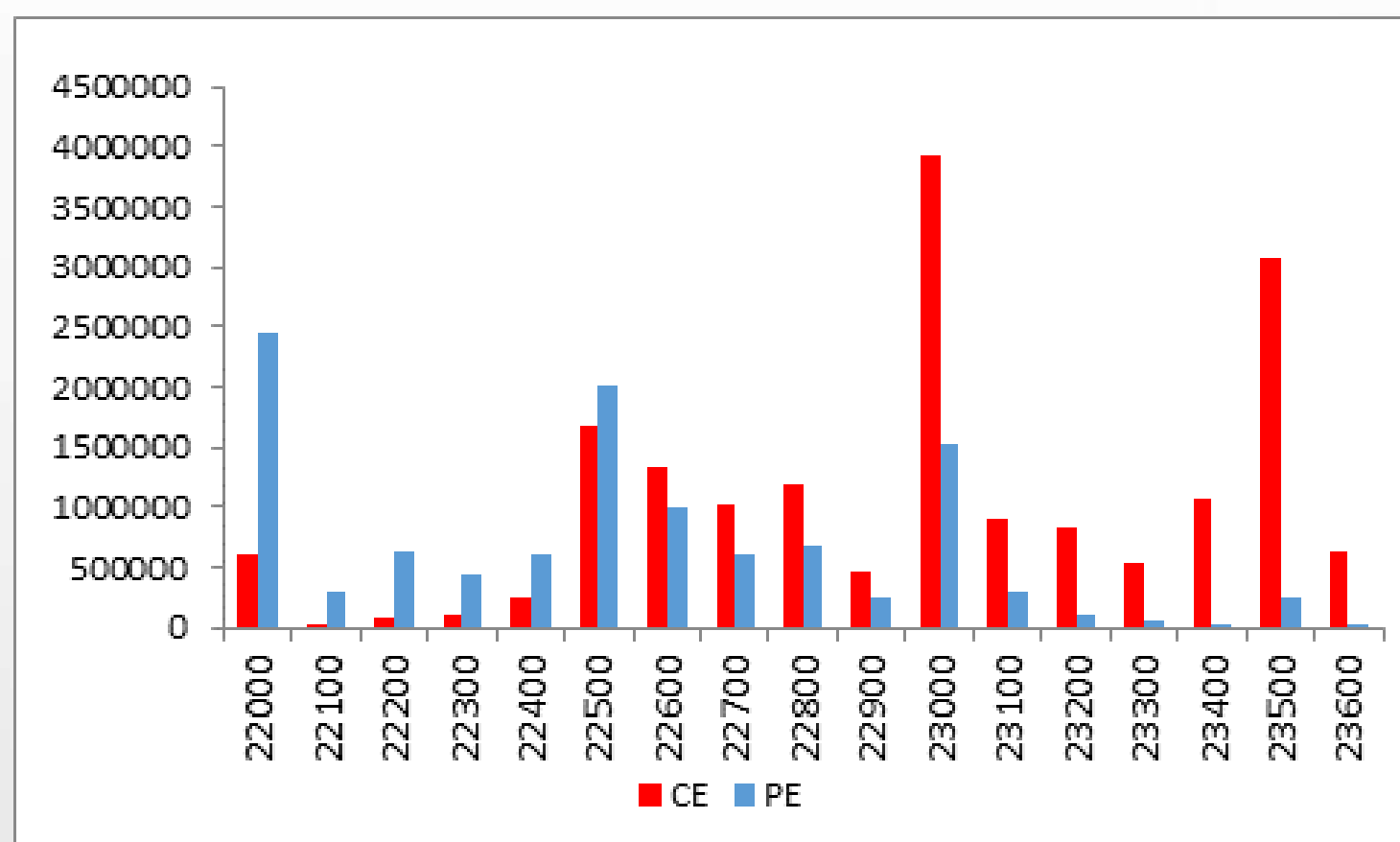


## Derivative Outlook

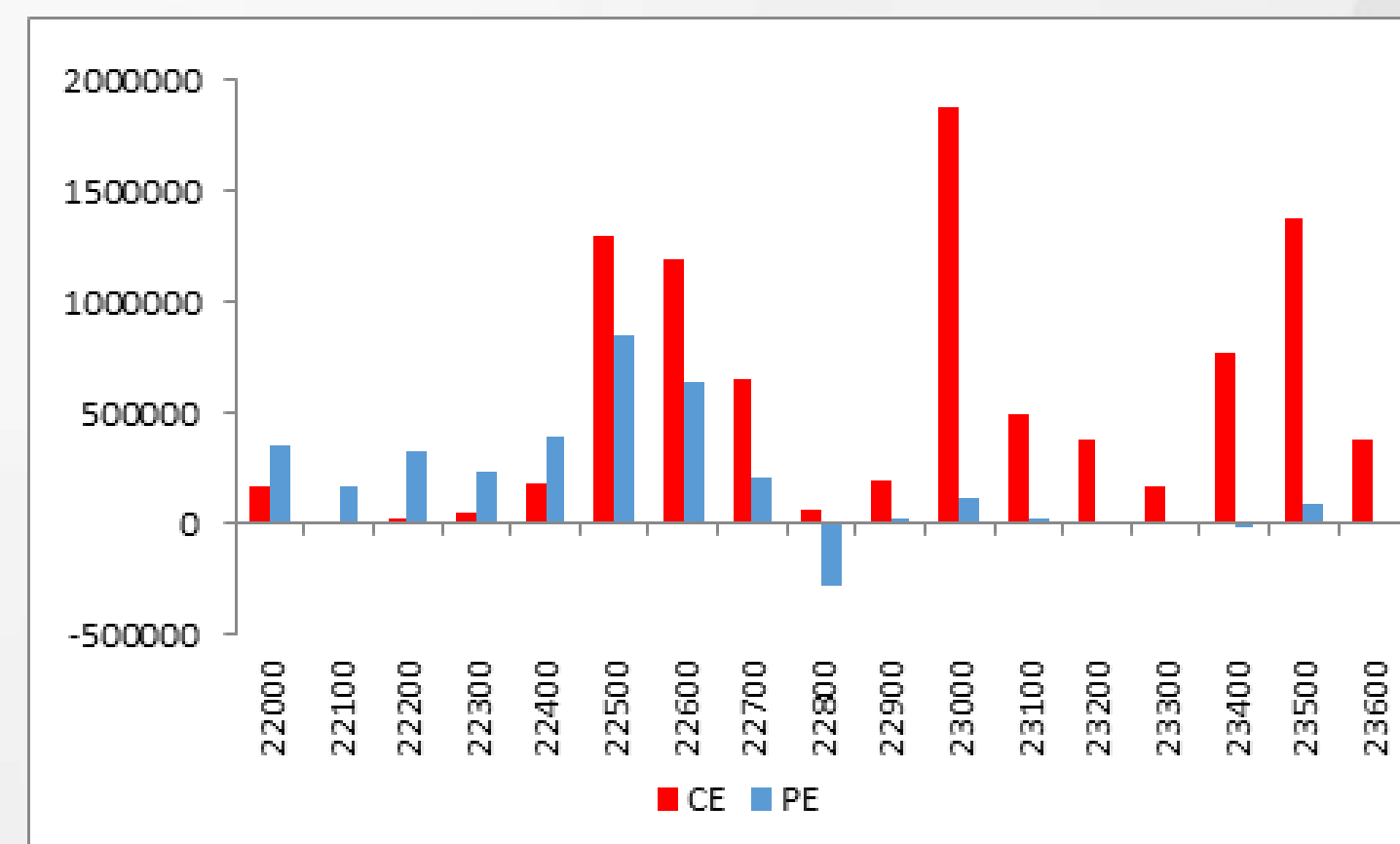
- Nifty June future closed at 22,627.35 with a premium of 138.70 point v/s 39.10 point premium in the last session.
- Nifty futures OI decreased by 14.21% to 1.44 Cr and Bank Nifty futures OI increased by 11.71% to 25.80 Lakhs.
- Nifty Put/Call Ratio (OI) increased from 0.79 to 1.12 level.
- India VIX is at 24.18 levels. Volatility spiked above 26 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.
- Since it is beginning of new series option data is scattered at various strike price. On weekly front, Maximum Call OI is at 23000 then 22800 strike while Maximum Put OI is at 22000 then 22500 strike. Minor Call writing is seen at 22500 then 22600 strike while minor Put writing is seen at 22400 then 22200 strike. Option data suggests a broader trading range in between 21800 to 23100 zones while an immediate range between 22100 to 22800 levels.



## Nifty OI



## 1-Day change in Nifty OI



- **Option Buying:** Buy Weekly Nifty 22200 Put till it holds below 22500 zones. Buy Weekly Bank Nifty 50000 Call till it holds above 48500 zones.
- **Option Strategy:** Nifty Weekly Bear Put Spread (Buy 22500 PE and Sell 22300 PE) at net premium cost of 70-80 points. Bank Nifty Weekly Bull Call Spread (Buy 49000 CE and Sell 49500 CE) at net premium cost of 180 - 220 points.
- **Option Writing:** Sell Weekly Nifty Weekly 20800 PE and Sell 24500 CE at inflow of 45-50 points with strict double SL. Sell Weekly Bank Nifty 44000 PE and Sell 54000 CE at inflow of 70-80 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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