

6th May, 2024

Most  
**Market**  
 **OUTLOOK**



- Robust domestic economy data, the hope of the US Fed cutting interest rates following weaker-than-expected job data, and cooling down oil prices to 1-month low are anticipated to be significant positives in the domestic market. Weaker-than-expected US jobs report and strong Apple Inc earning lifted the US market by 2% on Friday and Asian markets open on a strong note today.
- Gift Nifty is up by 0.5%. Higher volatility is expected in the market over the next few weeks ahead of the Lok Sabha election results outcome next month. Among the major sectors which are looking attractive - metal stocks could also see positivity due to rising base metal prices on the LME and the US Dollar Index falling to nearly a 1-month low.
- Oil marketing stocks may also perform well due to oil prices falling to a 1-month low of \$83/bbl.

## Actionable Idea for the Day

### Technical Pick:

**Coal India : Buy**

**(CMP 474 SL 460 TP 500)**

**2-3 Days)**

### Fundamental Pick:

**Avenue Supermarts : Buy**

**(CMP : 4612, TP: 5310)**

**(Duration 1 Year)**

## Index Levels :

Nifty Cash	R1	R2	S1	S2
22,475	22,650	22,794	22,350	22,222
BankNifty Cash	R1	R2	S1	S2
48,923	49,250	49,500	48,650	48,500

## Top 5 Investment Idea

Stock Name	Rating	CMP	TP	Upside
KEI Ind	Buy	3,894	5000	28%
L&T	Buy	3,499	4400	26%
ICICI Lombard	Buy	1,674	2100	25%
Bharti Airtel	Buy	1,277	1570	23%
JSW Infra	Buy	259	300	16%

## Global Market Summary:

- US markets yesterday, gained ~1-2%, post disappointing April's jobs report, which fueled investor optimism. Further Powell's dovish remarks added to the bullish sentiment.
- Dow Futures is trading +0.1% higher.
- European indices yesterday gained ~0.5%. Asian markets today, are mostly trading in green.
- **Global Cues: Positive**

## Indian Market Summary:

- Nifty on Friday, after marking a new high at 22794 levels, witnessed profit booking and came under pressure. It closed with a loss of 172 points (-0.8%) at 22476.
- FII: -Rs2392 crore DII: +Rs691 crore. Currently GIFT Nifty is trading +0.5% higher (106 points up).
- **Domestic Cues: Positive**

## News and Impact :

**Dr Reddy** : Dr. Reddy's Laboratories (DRRD) announced the launch of Doxycycline Capsules, 40 mg in the U.S market, a therapeutic generic equivalent of ORACEA<sup>®</sup> Capsules. The said drug has the market size of USD128m as per IQVIA MAT Feb'24. **Impact: Positive**

**Birla Corp**: Consolidated EBITDA was at INR4.7b (up 72% YoY), led by higher-than-estimated realization. Cement realization down 1%/2% YoY/QoQ to INR5,218 buy was 3% above our estimates. Sales volume was up 9% YoY to 4.85mt. EBITDA/t was at INR974 against INR618/INR901 in 4QFY23/3QFY24. OPM was at 17.8% v/s estimated ~15%. Adj. Profit was at INR1.9b v/s estimated INR1.4b. **Impact: Positive**

## **AVENUE SUPERMARTS: Strong performance continues (CMP INR4612, TP INR5310, 15% Upside, Buy)**

- Avenue Supermarts (DMART)'s consolidated/standalone revenue grew 20% YoY in 4QFY24, led by 13% area addition and 6% productivity growth.
- DMART added 24 stores (1m sqft area) in 4QFY24 to reach to 365 stores (15.15m sqft).
- Improved GM&A contribution boosted GM, resulting in 22% YoY growth in EBITDA/PAT (5% miss).
- The gap between revenue/sqft (up 6.2% YoY) and revenue/store (up 7% YoY) continued to shrink, indicating an improvement in the share of large-format stores (a positive trend).
- Further, healthy cost efficiencies and a recovery in discretionary demand are likely to drive growth.

**View: Buy**

## **CDSL: CMP INR2082**

- Revenue from operations increased by 93% YoY and 12% QoQ to INR 2.4b in 4QFY24. This was mainly led by growth in depository revenue by 88% YoY to INR 1.85b in 4QFY24.
- Cost to income ratio came in at 38.6% (declined 570bp YoY but was flat QoQ). EBIDTA for the quarter stood at INR 1.48b (up 113% YoY). EBIDTA margin was flat QoQ but increased 570bp YoY to 61.4%.
- For 4QFY24, PAT increased by 105% YoY and 20% QoQ to INR 1.3b. PAT margin improved by 360bp sequentially to 53.8%
- The demat accounts as on Mar'24, stood at 115.6m with an addition of ~10.9m demat accounts in the 4QFY24 vs. 8.5m in 3QFY24 and 5.1m in 4QFY23.

**View: Positive**

**NIFTY (CMP : 22475)** Nifty immediate support at 22350 then 22222 zones while resistance at 22650 then 22794 zones. Now it has to cross and hold above 22500 zones to extend its move towards 22650 then 22794 zones whereas supports are placed at 22350 then 22222 zones.



**BANK NIFTY (CMP : 48923)** Bank Nifty support at 48650 then 48500 zones while resistance at 49250 then 49500 zones. Now it has to continue to hold above 48888 zones for an up move towards 49250 then 49500 zones while on the downside support is seen at 48650 then 48500 levels.

3-Niftybank - 03/05/24



**Coal India : Buy      CMP : 474      Target : 500      SL : 460      Duration : 2-3 Days**

- Coal India has given triangle breakout on daily scale and managed to close above the same. Breakout is supported by noticeable volumes which may support the ongoing up move.
- It has formed a strong bullish candle on daily scale & momentum indicator RSI is positively placed which may take the prices higher.

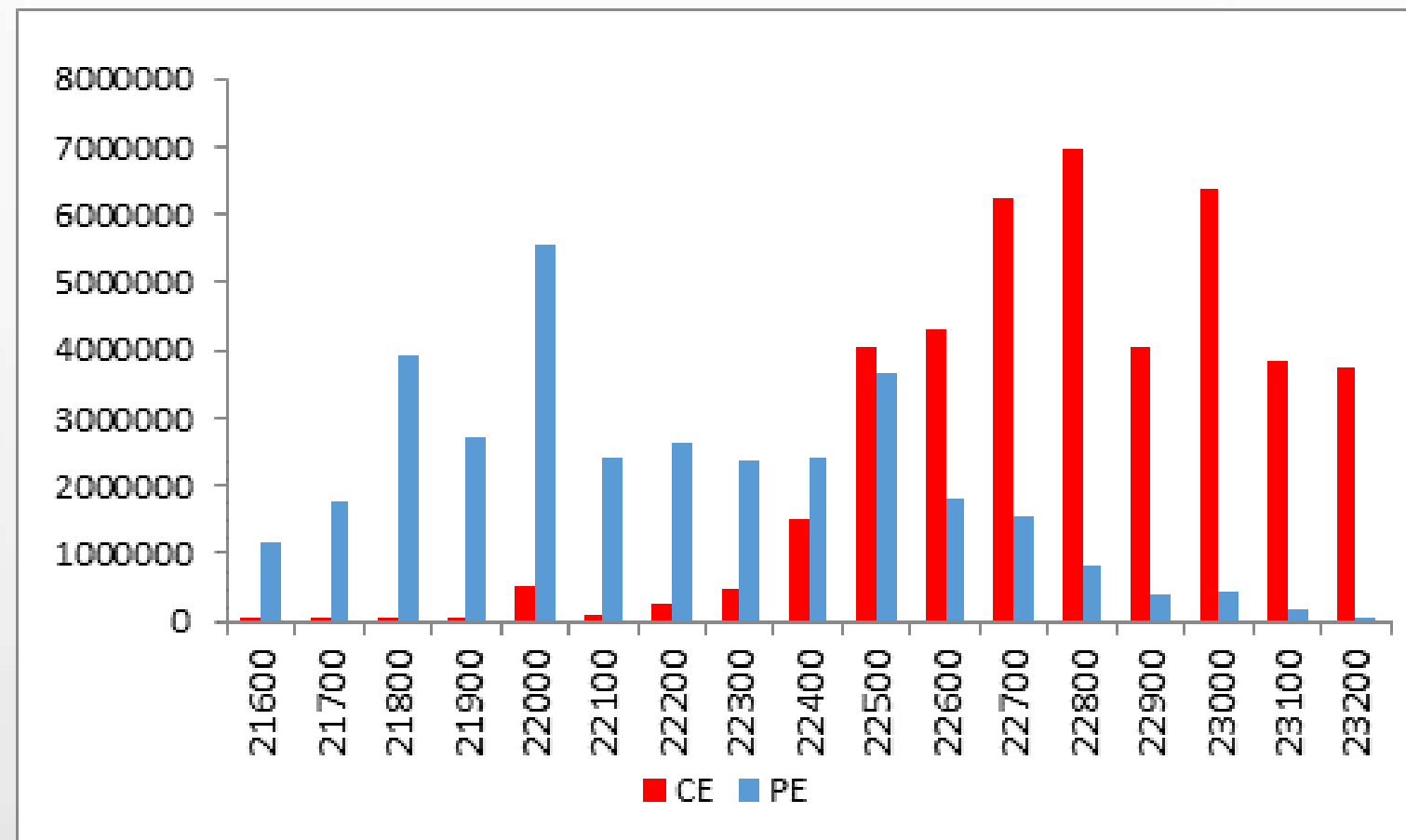


## Derivative Outlook

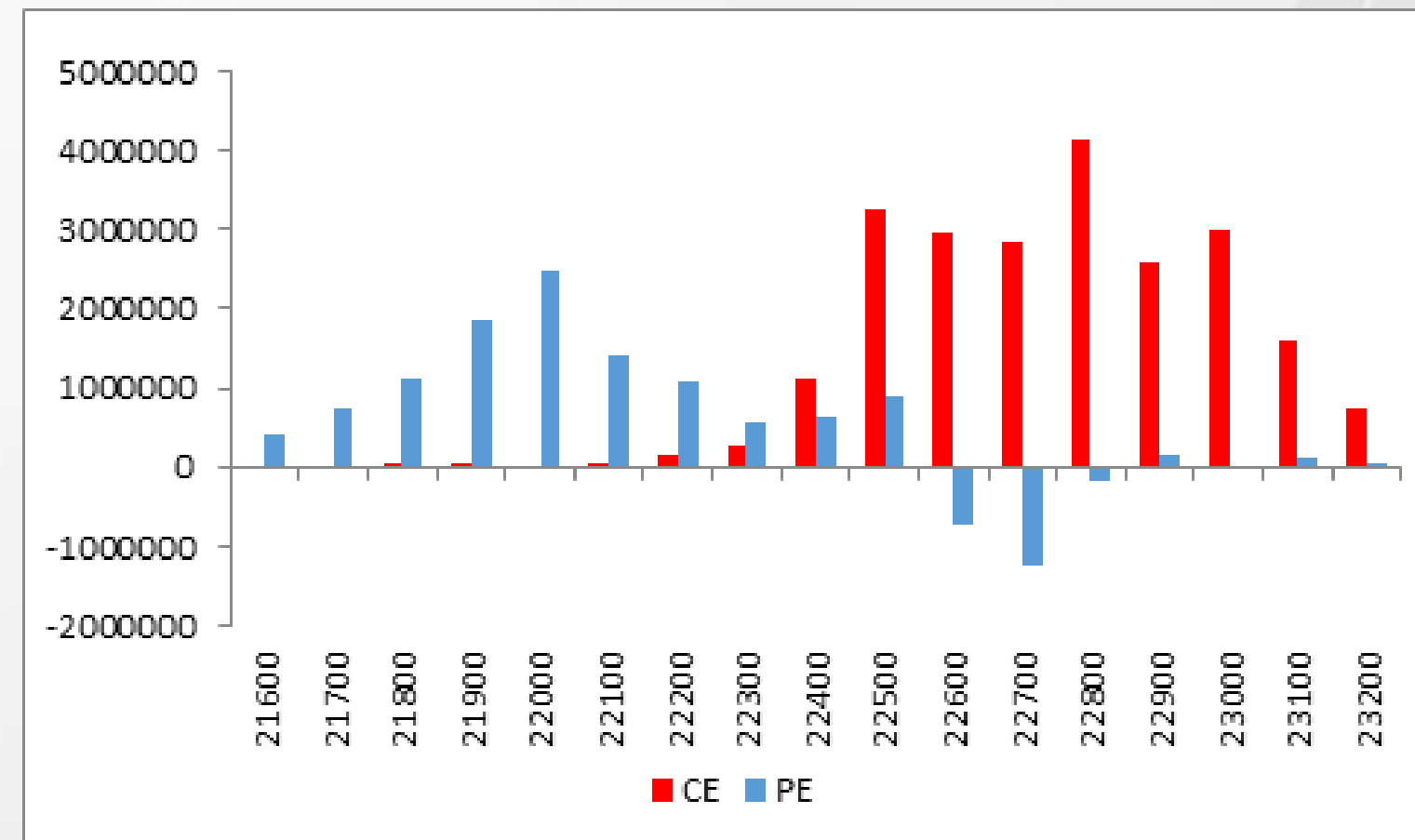
- Nifty May future closed at 22,575.20 with a premium of 99.35 point v/s 125.75 point premium in the last session.
- Nifty futures OI decreased by 4.17% to 1.17 Cr and Bank Nifty futures OI decreased by 8.06% to 23.22 Lakhs.
- Nifty Put/Call Ratio (OI) decreased from 1.28 to 0.89 level.
- India VIX was up by 8.78% from 13.45 to 14.62 levels. Volatility spiked by around 35% in the week and paved way for profit booking at record high Index levels.
- On weekly front, Maximum Call OI is at 22800 then 23000 strike while Maximum Put OI is at 22000 then 22200 strike. Call writing is seen at 22800 then 22900 strike while Put writing is seen at 22000 then 22100 strike. Option data suggests a broader trading range in between 22000 to 23000 zones while an immediate range between 22300 to 22700 levels.



## Nifty OI



## 1-Day change in Nifty OI



- **Option Buying:** Buy Weekly Nifty 22550 Call if it holds above 22500 zones. Buy Weekly Bank Nifty 49200 Call till it holds above 48888 zones.
- **Option Strategy:** Weekly Nifty Bull Call Ladder Spread (Buy 22500 CE, Sell 22650 CE and Sell 22800 CE) at net premium cost of 35-40 points. Weekly Bank Nifty Bull Call Ladder Spread (Buy 49000 CE, Sell 49500 CE and Sell 50000 CE) at net premium cost of 120-150 points.
- **Option Writing:** Sell Weekly Nifty 22050 PE and Sell 23000 CE at inflow of 22-24 points with strict double SL. Sell Weekly Bank Nifty 47800 PE and Sell 50500 CE at inflow of 55-60 points with strict stop loss

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