

8th May, 2024

Most
Market
 **OUTLOOK**

- Hawkish comments from a Federal Reserve policymaker, weak opening in Asian markets and mixed bag closing in US market, may open domestic bourses on a flat note. US market ended on a flat note as traders looked for more clues on when the Federal Reserve may start cutting rates.
- Gift Nifty is flat to positive. Nifty declined in three trading sessions amid trader's cautious approach ahead of Lok Sabha election results outcome.
- Global markets gained between 2-4% in the last few sessions while domestic market decline nearly 3% in the three trading sessions.
- Expect higher intra-day volatility to continue till the outcome of Election results on 4th June.

Actionable Idea for the Day

Technical Pick:

TCS : Buy

(CMP 3978 SL 3900 TP 4150)

2-3 Days)

Fundamental Pick:

KEC International : Positive

(CMP : 739)

(Duration 1 Year)

Index Levels :

Nifty Cash	R1	R2	S1	S2
22,302	22,450	22,550	22,100	22,000
BankNifty Cash	R1	R2	S1	S2
48,285	48,500	48,888	48,000	47,777

Top 5 Investment Idea

Stock Name	Rating	CMP	TP	Upside
KEI Ind	Buy	3,834	5000	30%
L&T	Buy	3,429	4400	28%
ICICI Lombard	Buy	1,686	2100	25%
JSW Infra	Buy	243	300	23%
Bharti Airtel	Buy	1,286	1570	22%

Global Market Summary:

- US markets yesterday, gained ~0.3%, as investors weighed potential Federal Reserve rate cuts after disappointing US jobs data and sluggish GDP growth.
- Dow Futures is trading -0.1% lower.
- European indices yesterday gained ~1%. Asian markets today, are trading mixed.
- **Global Cues: Mixed**

Indian Market Summary:

- Nifty yesterday, opened higher but soon gave up its initial gains to close with a loss of 140 (-0.6%) at 22303 levels.
- FIIs: -Rs3669 crore DIIs: +Rs2305 crore. Currently GIFT Nifty is trading flat.
- **Domestic Cues: Muted**

News and Impact :

Dixon : Subsidiary, Dixon Electro Appliances has entered into an agreement with Nokia Solutions and Networks OY (Nokia) for development and manufacturing of telecom products.

Impact: **Positive**

FMCG: The Indian FMCG industry has recorded 6.5% growth in terms of volumes between January-March, 2024. For the first time in five quarters, rural consumption has been better than urban rates, as per consumer intelligence firm NielsonIQ.

Impact: **Positive**

KEC International: CMP INR739

- KEC International's results were largely in-line with our expectations. PAT growth stood at 110% YoY.
- Revenue growth of 12% YoY for 4QFY24 was driven by a healthy order book, which stood at INR296.4b.
- Gross margin expanded ~20bp YoY to 19.5%. EBITDA margin stood at 6.3% for 4QFY24, up ~120bp YoY/20bp QoQ. This was in line with management guidance of a sequential improvement.
- PAT growth stood at 110% YoY on a low base, while there was a 57% QoQ growth.

View: Positive

JSW Energy: CMP INR580

- JSW Energy (JSWE) reported consolidated 4QFY24 EBITDA/PAT growth of 57/22% on a y-y basis. On a standalone basis, 4QFY24 EBITDA/PAT came in at 38/160% y-y growth.
- Consolidated Profit were boosted by 1) maiden EBITDA contribution from Ind-Barath plant (commissioning Mar-24), 2) increased contribution from Mytrah RE portfolio, 3) tax rate at negative 2% (due to deferred taxes) vs 19% in 4QFY23
- EBITDA margin expanded to 42.4% vs 27.9% YoY
- Overall net generation in 4Q was up 26% y-y aided by contribution from Mytrah assets and higher thermal generation.
- The board has approved raising funds upto Rs 10,000 crore through QIP, as it looks to acquire clean energy companies amid target to achieve 20 Gigawatt (GW) capacity by 2030.

View: Positive

Nifty Technical Outlook

NIFTY (CMP : 22302) Nifty immediate support at 22100 then 22000 zones while resistance at 22450 then 22550 zones. Now it has to hold a key support of 22222 zones to witness an up move towards 22450 then 22550 zones whereas a hold below 22222 could open the downside towards 22100 and 22000 zones.

1-Nifty50 - 07/05/24
EMA(CloseLine:50)



BANK NIFTY (CMP : 48285) Bank Nifty support at 48000 then 47777 zones while resistance at 48500 then 48888 zones. Now till it holds below 48500 zones some weakness could be seen towards 48000 then 47777 zones while on the upside hurdle is seen at 48500 then 48888 levels.

1-Niftybank - 07/05/24
EMA(CloseLine:50)



Technical Trading Idea

TCS : Buy CMP : 3978 Target : 4150 SL : 3900 Duration : 2-3 Days

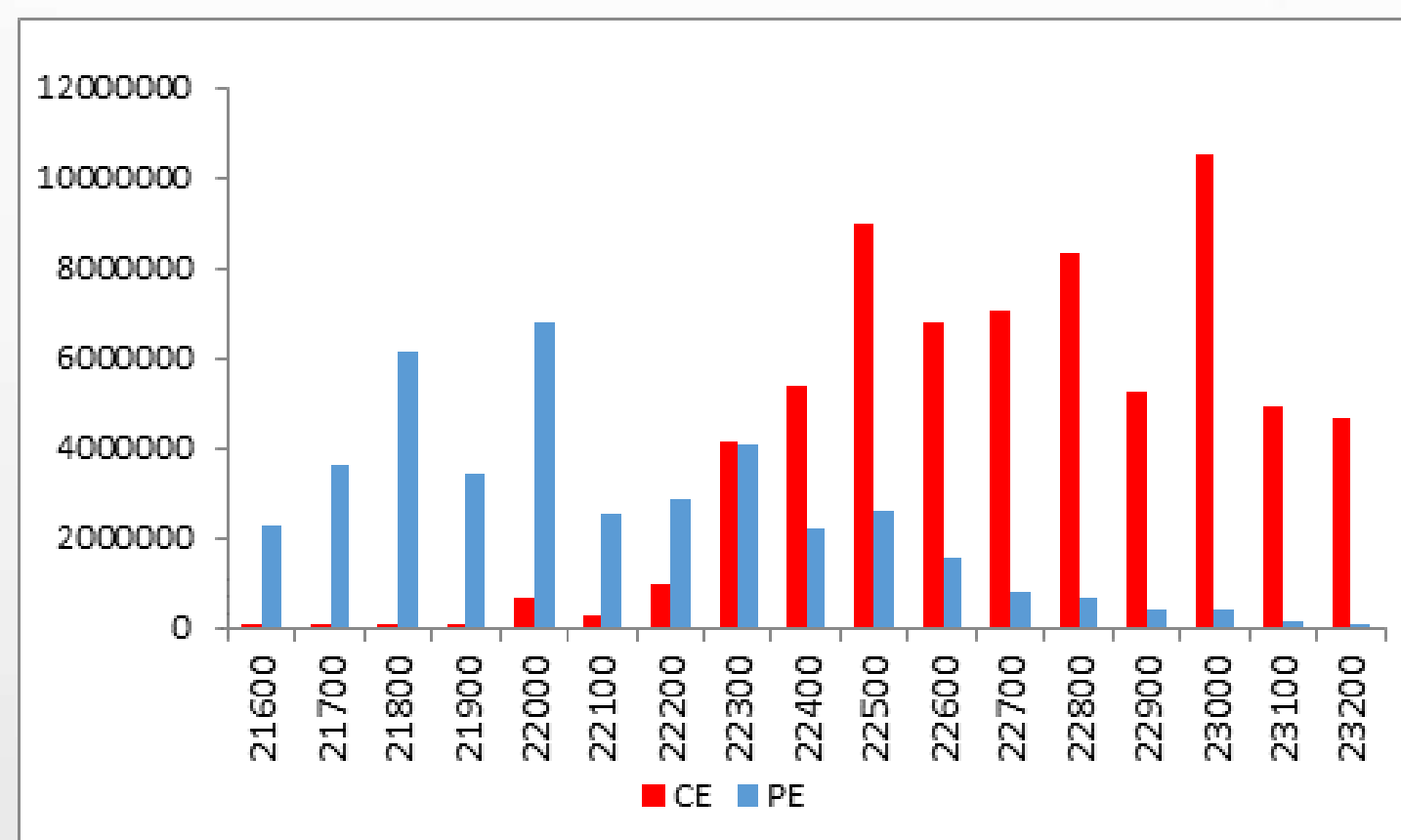
- TCS has formed base near 3700-3750 band and inched higher. It has given trend line breakout on daily chart and closed above its crucial 50 DEMA.
- It has formed a strong bullish candle on daily scale & momentum indicator RSI is positively placed which may take the prices higher



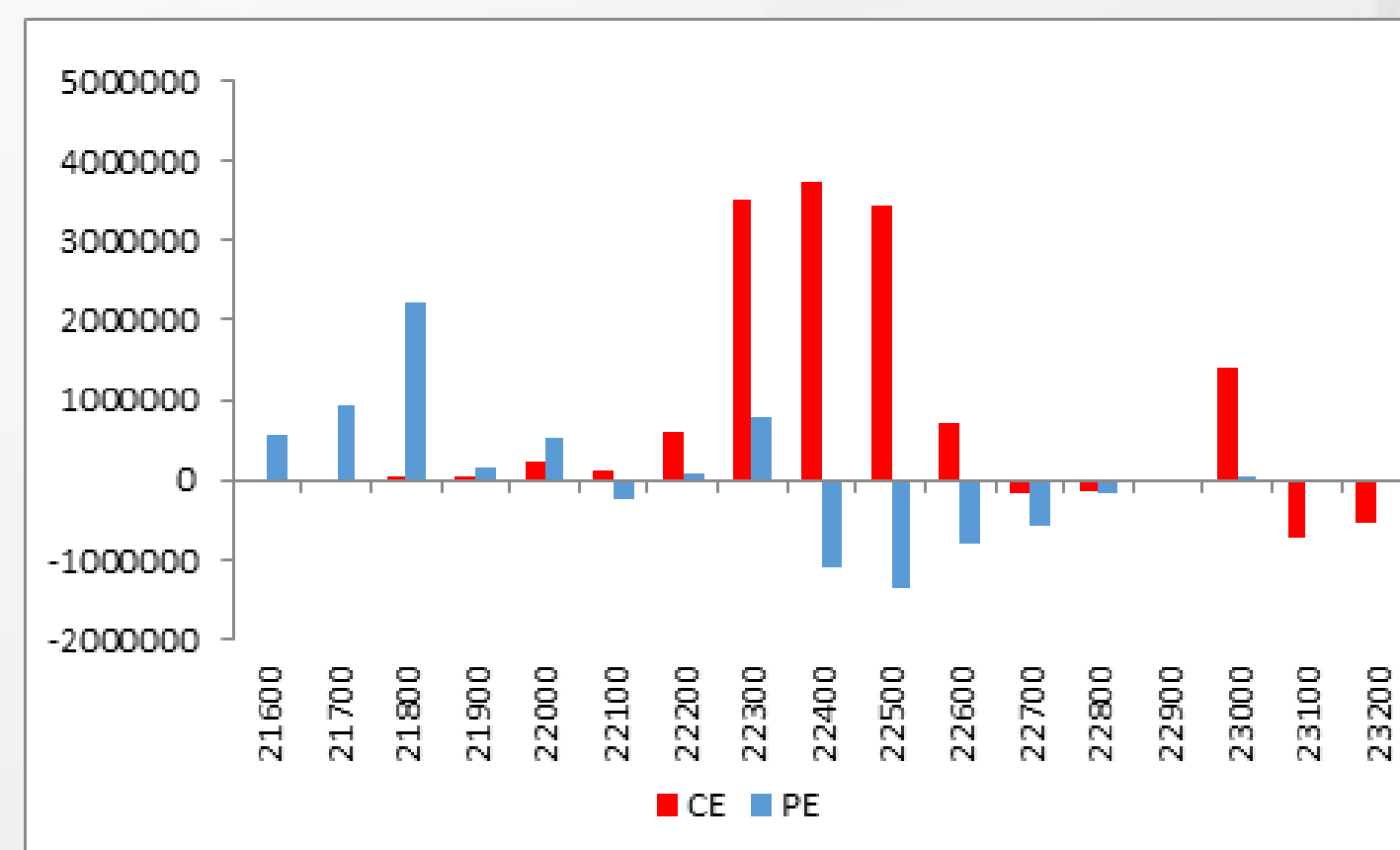
Derivative Outlook

- Nifty May future closed at 22,381.80 with a premium of 79.30 point v/s 99.35 point premium in the last session.
- Nifty futures OI decreased by 1.44% to 1.22 Cr and Bank Nifty futures OI increased by 5.54% to 24.92 Lakhs.
- Nifty Put/Call Ratio (OI) decreased from 0.85 to 0.78 level.
- India VIX was up by 2.71% from 16.60 to 17.05 levels. Volatility spiked above 17.5 zones and created swings in the market with comfort to the bears.
- On weekly front, Maximum Call OI is at 22500 then 22800 strike while Maximum Put OI is at 22000 then 21800 strike. Call writing is seen at 22400 then 22500 strike while Put writing is seen at 22250 then 22150 strike. Option data suggests a broader trading range in between 21800 to 22800 zones while an immediate range between 22100 to 22500 levels.

Nifty OI



1-Day change in Nifty OI



- **Option Buying:** Wait for option buying and need to watch 22222 for directional set up. Buy Weekly Bank Nifty 48200 Put till it holds below 48500 zones.
- **Option Strategy:** Weekly Nifty Bear Put Ladder Spread (Buy 22300 PE, Sell 22200 PE and Sell 22000 PE) at net premium cost of 25-30 points. Weekly Bank Nifty Bear Put Spread (Buy 48200 PE and Sell 47900 PE) at net premium cost of 80-100 points.
- **Option Writing:** Sell Weekly Nifty 22000 PE and Sell 22650 CE at inflow of 24-25 points with strict double SL. Sell Weekly Bank Nifty 47500 PE and Sell 48900 CE at inflow of 35-40 points with strict stop loss

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