

9th May, 2024

Most
Market
 **OUTLOOK**



- Good quarterly results by L&T, BSE, Bharat Forge, Hero Motocorp, Balaji Amines, Tata Power, TVS Motor and Mixed bag trend in the global equity index may open domestic bourses on a flat to positive note. However, intra-day volatility may not be ruled as traders had cautious approach ahead of general election outcome. Expects stock and sectors specific action to be continue in the market.
- Auto stocks may be positive after most of the auto players reported good quarterly results.
- Among the global market, U.S. stocks ended mixed as earnings reports drove sentiment and hawkish commentary by US Fed officials. US Treasury yields settled higher after lacklustre demand at a 10-year-note auction.

Actionable Idea for the Day

Technical Pick:

GAIL : Buy

(CMP 201 SL 194 TP 215)

2-3 Days)

Fundamental Pick:

Hero MotoCorp : Buy

(CMP : 4624, TP : 5320)

(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
48,021	48,250	48,500	47,777	47,500

Top 5 Investment Idea

Stock Name	Rating	CMP	TP	Upside
KEI Ind	Buy	3,774	5000	32%
Bharti Airtel	Buy	1,286	1570	22%
JSW Infra	Buy	246	300	22%
ICICI Lombard	Buy	1,723	2100	22%
Dabur	Buy	555	650	17%

Global Market Summary:

- US markets yesterday, ended on a mixed note, post mixed earnings from heavyweights and hawkish commentary from few Fed officials. Dow Futures is trading -0.1% lower.
- European indices yesterday gained ~0.5%, ahead of BoE rate decision today
- Asian markets today, are trading mixed, before China's April trade data.
- **Global Cues: Mixed**

Indian Market Summary:

- Nifty yesterday, opened lower but recovered to close flat at 22303.
- FII: -Rs6670 crore DII: +Rs5929 crore.
- Currently GIFT Nifty is trading flat.
- **Domestic Cues: Muted**

News and Impact :

Bank of Baroda: RBI lifted restrictions on Bank of Baroda's app six months after it imposed them over lapses in the customer onboarding process. RBI had on Oct 10, 2023 directed Bank of Baroda not to add customers to its app 'Bob World' following complaints that some bank employees used mobile numbers of strangers to onboard customers for mobile banking to meet enrolment targets. **Impact: Positive**

NTPC: Subsidiary NTPC Green Energy signed a Memorandum of Understanding (MoU) with Mahatma Phule Renewable Energy and Infrastructure Technology for the development of renewable energy power parks and projects. **Impact: Positive**

HERO MOTOCORP: In-line performance; demand outlook positive

CMP INR4624, TP INR5320, 15% Upside, Buy

- Hero MotoCorp (HMCL) 4QFY24 revenue/EBITDA/Adj. PAT grew ~15%/26%/18% YoY. Net realizations grew 5% YoY to INR68.4k (est. INR66.7k). Volumes grew 10% YoY.
- Led by better gross margins and operating leverage, EBITDA margins expanded 120bp YoY (-80bp QoQ) to 14.3% (est. 14%).
- Expect double-digit revenue growth for the industry in FY25. Consumer sentiments were positive in Mar-Apr'24. Despite fewer wedding dates in May-Jun'24, overall sentiment remains positive across rural and urban areas.
- We expect HMCL to deliver a volume CAGR of 9% over FY24-26E, driven by 1) new launches in 125cc, scooters and premium segments, 2) a ramp-up in exports. HMCL will also benefit from a gradual rural recovery, given strong brand equity in the economy and executive segments.
- We expect a CAGR of ~13.5%/15%/17% in revenue/EBITDA/PAT over FY24-26E.

View: Buy

Kirloskar Oil: CMP INR1035

- KOEL reported 4Q standalone revenue, EBITDA and PAT growth of 21%, 80% and 81% YoY, which was above our estimates.
- KOEL revenue was led by robust demand across construction, infrastructure and railway in B2B segment and exports.
- EBITDA margin came in at 12.8% (our estimate 12.4%) versus 8.6% in 4QFY23 and 11.7% in 3QFY24, led by higher gross margin and lower other expenses
- PAT growth was boosted by improved B2C profitability and operating leverage.
- During the quarter, KOELs CPCB IV+ products and newly introduced Optiprime range experienced positive traction and management is confident in team's preparedness for final year of 2X 3Y strategic journey.

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



Bank Nifty Technical Outlook

BANK NIFTY (CMP : 48021) Bank Nifty support at 47777 then 47500 zones while resistance at 48250 then 48500 zones. Now till it holds below 48250 zones some weakness could be seen towards 47777 then 47500 zones while on the upside hurdle is seen at 48250 then 48500 levels.

2-Niftybank - 08/05/24
EMA(CloseLine:50)



Technical Trading Idea

GAIL : Buy CMP : 201 Target : 215 SL : 194 Duration : 2-3 Days

- GAIL is in overall uptrend and perfectly bounced from 50 DEMA. It has formed a strong bullish candle on daily chart and negated lower top-lower bottom formation after four trading sessions.
- Momentum indicator RSI is positively placed which may take the prices higher.



Derivative Outlook

- Nifty May future closed at 22,393.85 with a premium of 91.35 point v/s 79.30 point premium in the last session.
- Nifty futures OI increased by 4.03% to 1.26 Cr and Bank Nifty futures OI increased by 1.10% to 25.19 Lakhs.
- Nifty Put/Call Ratio (OI) decreased from 0.78 to 0.77 level.
- India VIX was up by 0.41% from 17.05 to 17.08 levels. Volatility spiked above 18 zones at its fifteen months high and created swings in the market.
- On weekly front, Maximum Call OI is at 22500 then 22700 strike while Maximum Put OI is at 22000 then 22200 strike. Call writing is seen at 22400 then 22600 strike while Put writing is seen at 22200 then 22100 strike. Option data suggests a broader trading range in between 21800 to 22800 zones while an immediate range between 22100 to 22500 levels.

- **Option Buying:** Wait for option buying and need to watch 22222 for directional set up, both side swings could be seen to trade ATM Calls and Puts. Buy Weekly Bank Nifty 47500 Put till it holds below 48250 zones.
- **Option Strategy:** Weekly Nifty Bull Call Ladder Spread (Buy 22300 CE, Sell 22400 CE and Sell 22500 CE) at net premium cost of 25-30 points. Weekly Bank Nifty Bear Put Spread (Buy 48000 PE and Sell 47500 PE) at net premium cost of 170-200 points.
- **Option Writing:** Sell Weekly Nifty 22100 PE and Sell 22500 CE at inflow of 18-20 points with strict double SL due to higher volatility. Sell Weekly Bank Nifty 46000 PE and Sell 49800 CE at inflow of 50-60 points with strict stop loss

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