

13th June, 2024

Most
Market
 **OUTLOOK**

- Falling domestic inflation to a one-year low at 4.75%, better-than-expected April IIP at 5%, and India VIX cooling down to a six-week low, along with softer-than-expected US inflation lifting the US market to record highs, may lead to a positive opening in the domestic market.
- The US market soared up to 1.50% after May inflation fell to 3.3%, against an expectation of 3.4%.
- The Federal Reserve maintained its key interest rate unchanged as expected and indicated that only one cut is likely before the year's end.
- Gift Nifty is up 0.5%. Expect rally to continue in housing finance, cement and PSU stocks.

Actionable Idea for the Day

Technical Pick:

IEX : Buy

(CMP 174 SL 168 TP 185)

2-3 Days)

Fundamental Pick:

Mankind Pharma : Buy

(CMP : 2214, TP 2650)

(Duration 1 Year)

Index Levels :

Nifty Cash	R1	R2	S1	S2
23,323	23,500	23,700	23,100	23,000
BankNifty Cash	R1	R2	S1	S2
49,895	50,000	50,500	49,500	49,250

Top 5 Investment Idea

Stock Name	Rating	CMP	TP	Upside
L&T	Buy	3,630	4400	21%
Tata Consumer	Buy	1,125	1350	20%
ICICI Bank	Buy	1,117	1300	16%
Bharti Airtel	Buy	1,436	1640	14%
Polycab	Buy	7,006	7850	12%

Global Market Summary:

- US markets yesterday, gained ~0.8-1.5%, as US inflation remained unchanged in May vs 0.3% rise in April. Dow Futures is trading -0.1% lower, as U.S. policymakers signalled rates would be kept high for a while yet. European indices yesterday gained 0.8-1.4%.
- Asian markets today, are mostly trading ~0.5% higher.
- **Global Cues: Mixed**

Indian Market Summary:

- Nifty yesterday, after touching new high of 23411 in the initial tick, traded lackluster throughout the day to end with minor loss of 30 points at 23259.
- FIIs: +Rs427 crore DIIs: +Rs234 crore.
- India's CPI Inflation eased to the lowest in a year at 4.75% in May 2024 vs 4.83% in April
- India's industrial output growth slowed to 5 percent in April from 5.4 percent in March
- Currently GIFT Nifty is trading flat.
- **Domestic Cues: Muted**

News and Impact :

360 One: 360 ONE WAM announced that it has entered into a definitive agreement to acquire ET MONEY, a digital platform focused on wealth management. The acquisition aims to enhance its client segment coverage and reinforce its position as the country's premier wealth management firm. **Impact: Positive**

Sobha Developers: Sobha has approved fund raising through Rights issue for an amount upto INR20b. Issue price has been set at ₹1,651 (20% discount to CMP) while the Record Date has been fixed at 19th June. **Impact: Positive**

Fundamental Actionable Idea

MANKIND PHARMA | INITIATING COVERAGE: Disruptor with a dose of care

(CMP INR2214, TP INR2650, 20% Upside, Buy)

- MANKIND has built a robust DF franchise and has become the fourth largest player by market share. It has diversified its portfolio in terms of both therapies and brands.
- MANKIND is working on multiple levers to boost growth over the next three to five years: a) increasing the scope of business in chronic therapies (36% of DF sales in FY24) by expanding niche products in portfolio, b) enhancing its presence in metro/Tier-I cities (53% of DF sales in FY24), and c) investing aggressively in brand building in the prescription and consumer healthcare segments.
- Overall, we expect a 16% earnings CAGR over FY24-27, led by a 12% sales CAGR and a 270bp margin expansion.
- Considering its strong brand visibility, sustainable earning growth and superior return ratios, we value MANKIND at 40x12M forward earnings (30% premium to the Healthcare sector PE) to arrive at a TP of INR2,650.

View: Buy

NTPC: CMP INR372

- India's power demand surged to an unprecedented 156 billion units (BU) in May 2024, driven by severe heatwaves and robust manufacturing activity - a significant YoY increase of ~15%.
- It touched all time high peak demand of 250GW on 30th May with peak thermal utilization rates of 76% - 699 bps YoY
- In line with the expected surge, the government last year announced an addition of 80 gigawatt (GW) of new thermal capacity while increasing the share of renewable energy to 500 GW by 2030.
- NTPC Ltd plans to double production of coal from its mines to 70 million tonnes in the next 3 years, given the surge in power demand which is estimated to rise 6-7% every year.
- In FY25, it has targeted to produce 40 million tonnes of coal, up by 16% YoY.

View: Positive

Nifty Technical Outlook

NIFTY (CMP : 23323) Nifty immediate support at 23100 then 23000 zones while resistance at 23500 then 23700 zones. Now it has to hold above 23200 zones for an upside move towards 23500 then 23700 zones whereas supports are placed at 23100 then 23000 zones.

2-Nifty50 - 12/06/24
EMA(CloseLine:50)



Bank Nifty Technical Outlook

BANK NIFTY (CMP : 49895) Bank Nifty support at 49500 then 49250 zones while resistance at 50000 then 50500 zones. Now it has to continue to hold above 49500 zones for an up move towards 50000 then 50500 zones while on the downside support shift higher at 49500 then 49250 levels.

2-Niftybank - 12/06/24
EMA(CloseLine:50)



Technical Trading Idea

IEX : Buy CMP : 174 Target : 185 SL : 168 Duration : 2-3 Days

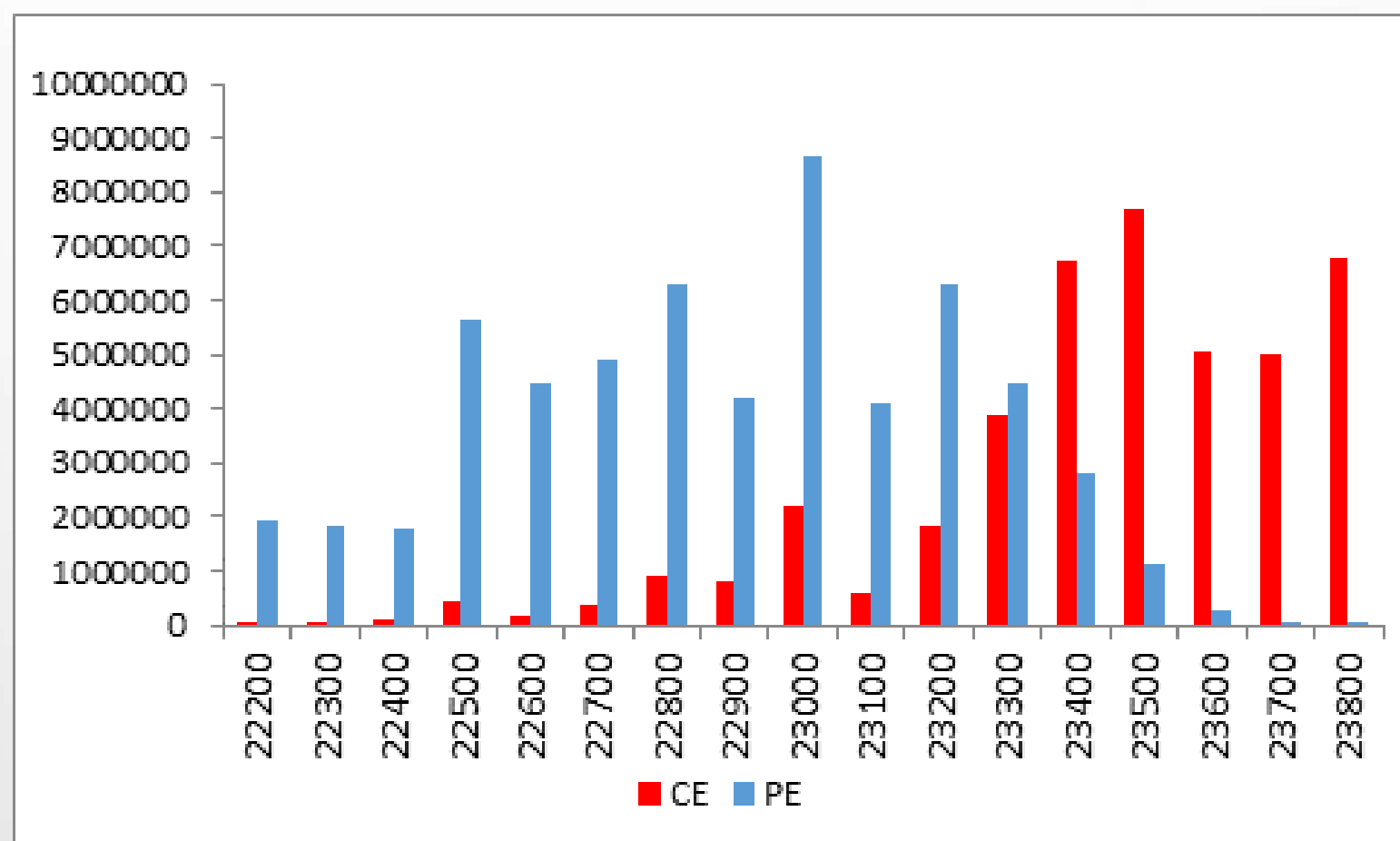
- IEX has given trend line breakout on daily chart and managed to close above the same. It has formed a strong bullish candle on daily scale and supports are gradually shifting higher. Momentum indicator RSI is positively placed which may support the ongoing up move.



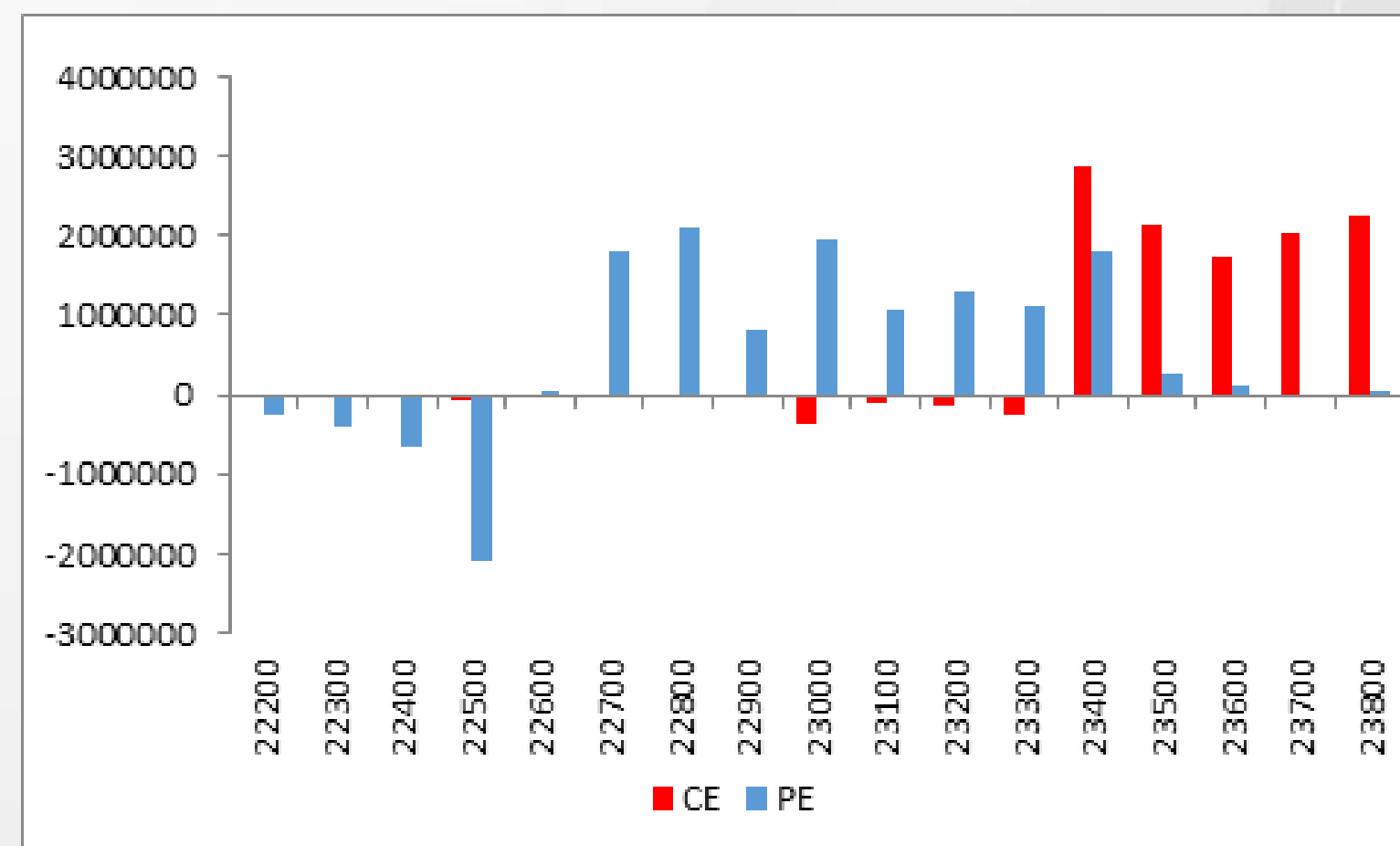
Derivative Outlook

- Nifty June future closed at 23,355.10 with a premium of 32.15 point v/s 44.95 point premium in the last session.
- Nifty futures OI increased by 4.60% to 1.45 Cr and Bank Nifty futures OI decreased by 3.52% to 27.10 Lakhs.
- Nifty Put/Call Ratio (OI) remains unchanged at 1.02 level.
- India VIX was down by 2.91% from 14.76 to 14.33 levels. Volatility has cooled off from its significant highs and comforting the bulls.
- On option front, Weekly Maximum Call OI is at 23500 then 23400 strike while Maximum Put OI is at 23000 then 23200 strike. Call writing is seen at 23400 then 23500 strike while Put writing is seen at 23300 then 23100 strike. Option data suggests a broader trading range in between 22800 to 23700 zones while an immediate range between 23100 to 23500 levels.

Nifty OI



1-Day change in Nifty OI



- **Option Buying:** Buy Weekly Nifty 23300 Call till it holds above 23200 zones. Buy Weekly Bank Nifty 50300 Call till it holds above 49500 zones.
- **Option Strategy:** Nifty Weekly Bull Call Spread (Buy 23300 CE and Sell 23450 CE) at net premium cost of 60-65 points. Bank Nifty Weekly Bull Call Ladder Spread (Buy 50000 CE, Sell 50500 CE and Sell 51000 CE) at net premium cost of 120-140 points.
- **Option Writing:** Sell Weekly Nifty 23050 PE and Sell 23600 CE with strict double SL. Sell Weekly Bank Nifty 47600 PE and 51700 CE with strict double SL.

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