

19th June, 2024

Most
Market
 **OUTLOOK**



- Expect the domestic equity bourses' northbound journey to continue, backed by rallies across global markets. Domestically, foreign investors turned net buyers of shares worth Rs 11,730 crore last week. Global rating agency Fitch raised India's growth forecast for FY25 to 7.2% from 7%. Strong advance tax collections and expectations that the government will focus on rural growth in the upcoming budget will positively impact market sentiment.
- Expect the rally in the domestic market to continue on the hope of a popular Union Budget and a focus on the Make in India plan to encourage domestic players. The rally in PSU stocks like banks, defence and mining stocks is expected to continue. Fertilizer stocks will be in focus due to media reports suggesting the government may remove GST from fertilizers. Gift Nifty is up 100 points.

Actionable Idea for the Day

Technical Pick:

GMR Infra : Buy

(CMP 98 SL 94 TP 105)

2-3 Days)

Fundamental Pick:

Kalyan Jewellers: Buy

(CMP : 424, TP: 525)

(Duration 1 Year)

Index Levels :

Nifty Cash	R1	R2	S1	S2
23,557	23,650	23,750	23,400	23,350
BankNifty Cash	R1	R2	S1	S2
50,440	50,650	51,133	50,250	50,000

Top 5 Investment Idea

Stock Name	Rating	CMP	TP	Upside
JK Cement	Buy	4,412	5300	20%
Tata Consumer	Buy	1,126	1350	20%
L&T	Buy	3,689	4400	19%
ICICI Bank	Buy	1,126	1300	15%
Bharti Airtel	Buy	1,427	1640	15%

Global Market Summary:

- US markets yesterday, gained marginally, on weaker than expected May retail sales data while IIP data came in strong.
- Dow Futures is trading -0.1% lower.
- European indices yesterday gained ~0.5%.
- Asian markets today, are mostly trading ~1% higher.
- **Global Cues: Positive**

Indian Market Summary:

- Nifty yesterday, continued its uptrend and made a fresh high of 23579 intraday. The index closed with gains of 95 points at 23561 levels.
- FIIs: +Rs2569 crore DIIs: +Rs1555 crore.
- Currently GIFT Nifty is trading +0.3% higher (70 points up).
- Global rating agency Fitch raises India's growth forecast for FY25 to 7.2% from 7%.
- **Domestic Cues: Positive**

News and Impact :

Bharat Forge: The company made an additional investment of USD 40 million in Bharat Forge America Inc., a wholly-owned subsidiary of Bharat Forge, to facilitate its capital expenditure for an aluminum forging facility. **Impact: Positive**

Block Deals: Gland Pharma: Shanghai Fosun Pharmaceutical Group Co. is likely to sell 5% stake in India's Gland Pharma through block deals at a price range of Rs 1,750/share (5% disc to CMP), valuing the stake around USD 172 million.

Kalyan Jewellers: (CMP INR424, TP INR525, 24% Upside, Buy)

- Kalyan Jewellers (KALYAN) is one of the largest jewelry retail chains in India, with a strong network of over 217 stores across the country.
- The asset-light expansion (franchise-driven) will generate the necessary cash flows to repay its debt in India (INR6.0b) over the next two years.
- The studded ratio of 28% in FY24 was best in class and reflected the company's understanding of evolving consumer trends, such as youth-led and non-traditional preferences.
- We expect 29%/26%/41% revenue/EBITDA PAT CAGR during FY24-26E. Initiate coverage on KALYAN with a BUY rating and a TP of INR525 (based on 45x P/E on FY26E).

View: Buy

RCF: CMP INR5173

- As per media reports, government is likely to provide higher subsidy to the Fertilizer sector in this coming Union Budget which will be positive for fertilizer stocks.
- Media reports also suggest that the government may remove GST from fertilizers
- Yesterday PM Modi released Rs20000 cr under PM Kisan Scheme, benefitting 9.26 cr farmers.
- Further Fitch ratings has increased its 2024 assumption for phosphate rock on stronger ytd pricing and its 2024-2025 assumptions for diammonium phosphate (DAP) due to China's continued export restrictions that support market prices.
- All these developments are favourable for fertilizer stocks and we like RCF among it.

View: Positive

NIFTY (CMP : 23557) Nifty immediate support at 23400 then 23350 zones while resistance at 23650 then 23750 zones. Now it has to continue to hold above 23500 zones to extend the move towards 23650 and 23750 zones whereas supports are placed at 23400 than 23350 zones.



Bank Nifty Technical Outlook

BANK NIFTY (CMP : 50440) Bank Nifty support at 50250 then 50000 zones while resistance at 50650 then 51133 zones. Now it has to continue to hold above 50250 zones for an up move towards 50650 then 51133 zones while on the downside support shifts higher to 50250 then 50000 levels.



Technical Trading Idea

GMR Infra : Buy CMP : 98 Target : 105 SL : 94 Duration : 2-3 Days

- GMR Infra has given trend line breakout on daily chart and holding well 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.

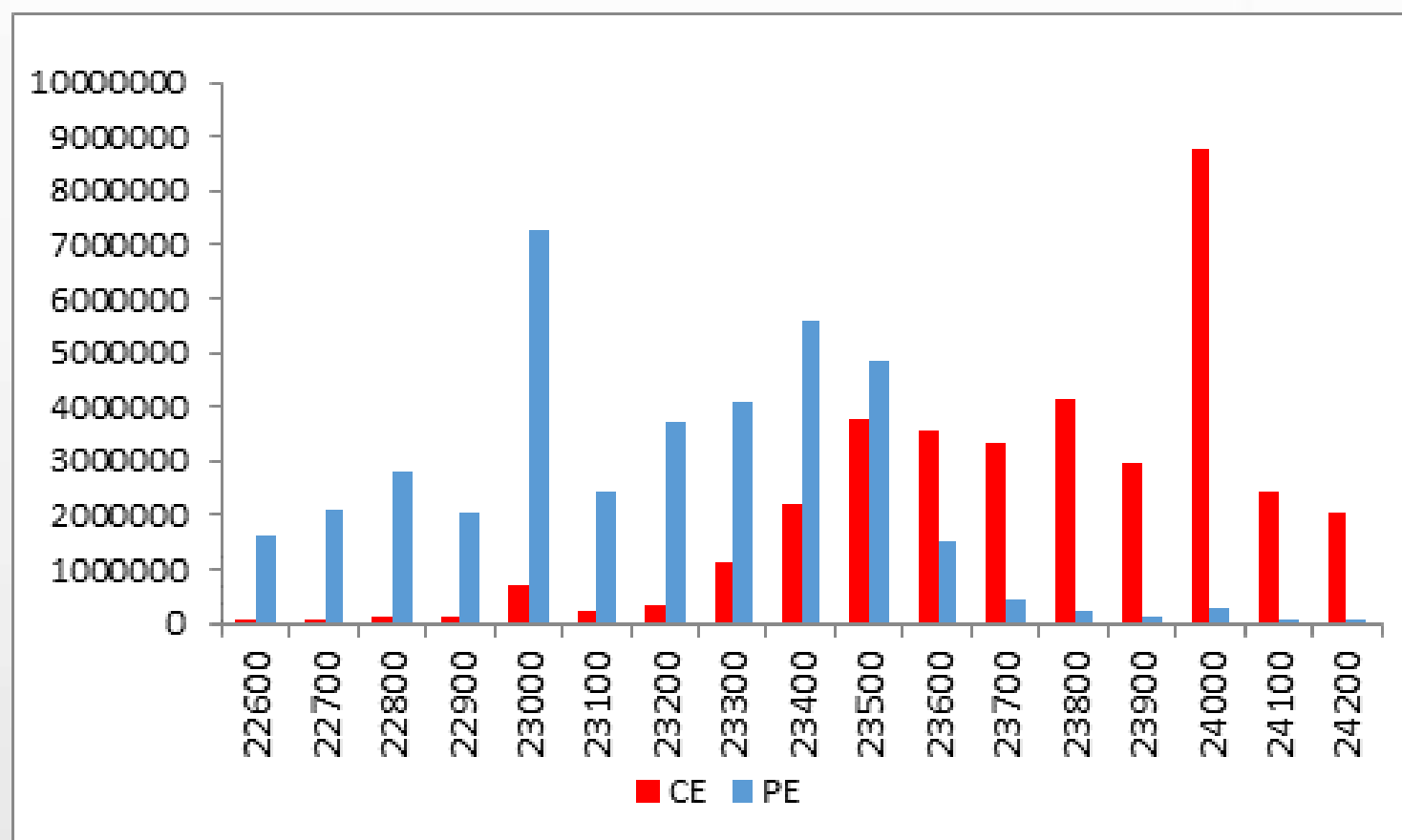
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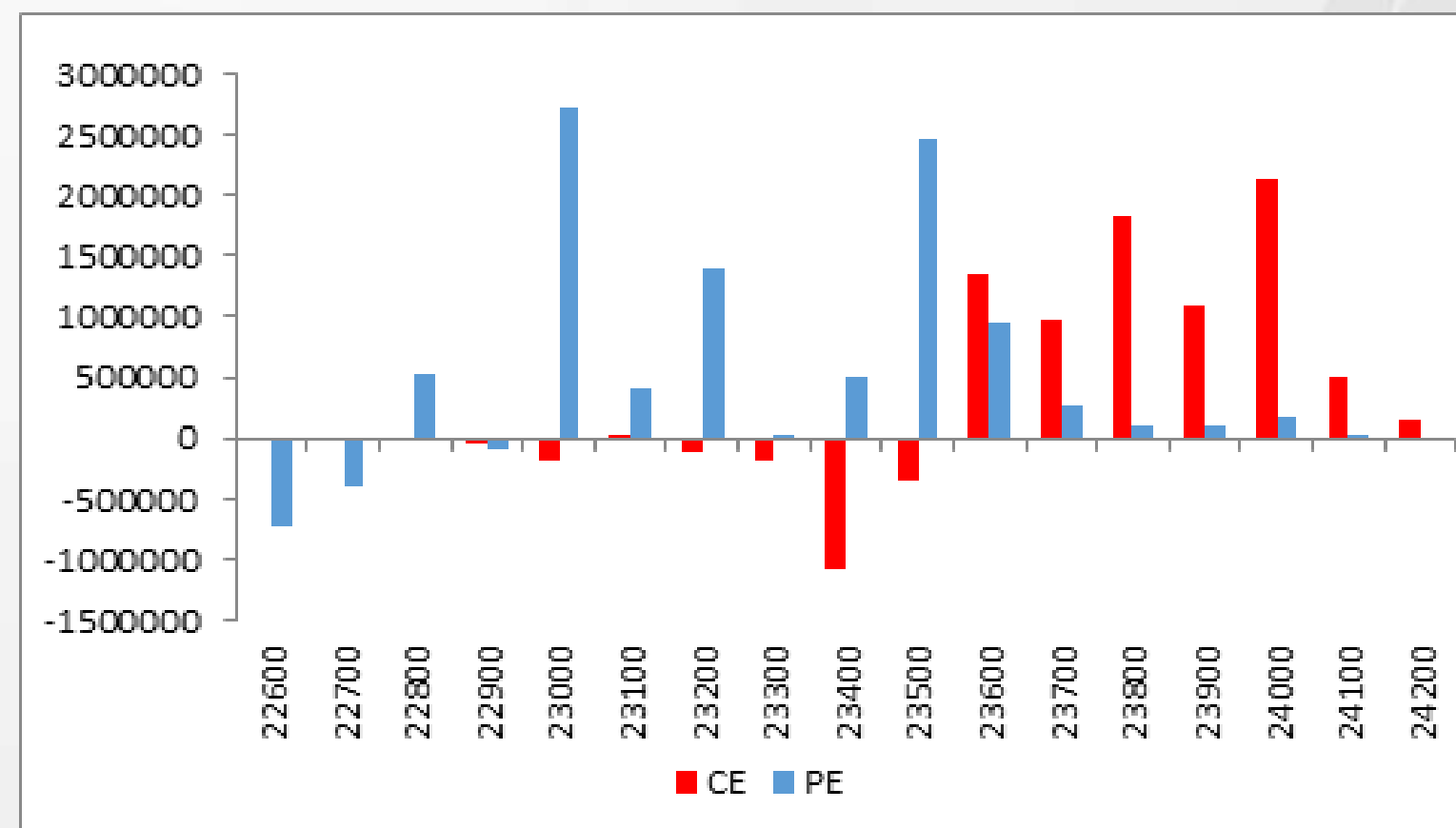
Derivative Outlook

- Nifty June future closed at 23,568.10 with a premium of 10.20 point v/s 1.05 point premium in the last session.
- Nifty futures OI increased by 2.15% to 1.52 Cr and Bank Nifty futures OI increased by 4.94% to 28.67 Lakhs.
- Nifty Put/Call Ratio (OI) decreased from 1.30 to 1.26 level.
- India VIX was up by 1.68% from 12.82 to 13.04 levels. Volatility got stability but overall down from the last seven sessions which is comforting the bulls.
- On option front, Weekly Maximum Call OI is at 23800 then 23600 strike while Maximum Put OI is at 23000 then 23400 strike. Minor Call writing is seen at 23550 then 23650 strike while Put writing is seen at 23500 then 23400 strike. Option data suggests a broader trading range in between 23200 to 24000 zones while an immediate range between 23400 to 23700 levels.

Nifty OI



1-Day change in Nifty OI



- Option Buying: Buy Weekly Nifty 23550 Call till it holds above 23500 zones. Buy Weekly Bank Nifty 50400 Call till it holds above 50250 zones.
- Option Strategy: Nifty Weekly Bull Call Spread (Buy 23550 CE and Sell 23700 CE) at net premium cost of 60-70 points. Bank Nifty Weekly Bull Call Ladder Spread (Buy 50400 CE, Sell 50700 CE and Sell 51000 CE) at net premium cost of 100-120 points.
- Option Writing: Sell Weekly Nifty 23250 PE and Sell 23850 CE with strict double SL. Sell Weekly Bank Nifty 49800 PE and 51000 CE with strict double SL

What is this?

- Based on technical indicators this strategy gives 2 stocks that have a high likelihood to fall during the day (from open to close). This is an intraday Sell strategy which can provide a good cushioning during a black swan event.

What are the rules?

- Stock names will be given at market open (9:15 am)
- Recommended time to entry: between 9:15 to 9:30 am.
- Entry: We short 2 stocks daily (intraday)
- Exit: we will exit at 3:15 as this is an intraday call
- SL: is placed at 1.5% of the open.
- Book profit: At 3% fall since open.
- In special situations the book profit might be delayed if the stock is in free fall.

Today's Ideas:

- **Petronet LNG**
- **BLS International**

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