

6th June, 2024

Most
Market
 **OUTLOOK**



- Market is expected to open on a positive note due to several factors, including the US market closing at a record high, a strong opening in Asian markets, and the National Democratic
- Alliance (NDA) unanimously passing a resolution to elect Narendra Modi as the leader of the coalition. Traders will focus on defensive stocks like FMCG, auto, IT, and pharma stocks.
- It is expected that the government will focus more on rural areas, which may positively impact NBFC, FMCG, and fertilizer stocks.
- Banking and NBFC stocks will be in focus ahead of the RBI credit policy announcement tomorrow. Gift Nifty is up 0.4%.

Actionable Idea for the Day

Technical Pick:

Bajaj Auto : Buy

(CMP 9602 SL 9300 TP 10200)

2-3 Days)

Fundamental Pick:

M&M : Buy

(CMP : 2729)

(Duration 1 Year)

Index Levels :

Nifty Cash	R1	R2	S1	S2
22,620	22,850	23,000	22,350	22,222
BankNifty Cash	R1	R2	S1	S2
49,054	49,500	50,000	48,500	48,250

Top 5 Investment Idea

Stock Name	Rating	CMP	TP	Upside
L&T	Buy	3,400	4400	29%
Bharti Airtel	Buy	1,344	1640	22%
KEI Ind	Buy	4,093	5000	22%
HUL	Buy	2,603	2900	11%
ICICI Bank	Buy	1,103	1300	18%

Global Market Summary:

- US markets yesterday, rallied 1-2%, hitting new record high, mainly led by technology stocks as markets digested private payroll data that could support a much-expected start to the Federal Reserve's policy easing cycle. US 10-Year bond yield at nearly 2-month low of 4.28%
- Nvidia hits \$3tn market cap for the 1st time; becomes 2nd most valuable co, surpassing Apple
- Dow Futures is trading flat. European indices yesterday ended with gains of ~1%, ahead of ECB Meeting today. Asian markets today, are trading ~1% higher.
- **Global Cues: Positive**

Indian Market Summary:

- Nifty yesterday, rallied 736 points (3.4%) to close at 22620 levels, coming back to the pre-exit poll levels, as two key allies pledged their support to form a new government with the BJP.
- FIIs: -Rs5656 crore DIIs: +Rs4555 crore. Currently GIFT Nifty is trading +0.8% higher (176 points up).
- **Domestic Cues: Positive**

News and Impact :

BHEL: The company received an order from Mirzapur Thermal Energy (UP) Private Limited for 2x800 MW thermal power project in Uttar Pradesh worth Rs7000cr. **Impact: Positive**

Kotak Bank: The Reserve Bank of India has approved Zurich Insurance Company's proposed acquisition of 70 percent stake in Kotak Mahindra General Insurance Company for Rs 5,560 crore. **Impact: Positive**

Fundamental Actionable Idea

Vedanta: CMP INR440

- State Bank of India has granted its consent to Vedanta's proposed demerger that will separate its existing businesses into six independent pure-play companies
- Most of the lenders have approved the proposal with just few left. Lenders include BoB, PNB, ICICI Bank, Axis Bank, IDFC First, & Kotak Bank

View: Positive

M&M: CMP INR2729

- Both IMD & Skymet expects rainfall in the upcoming monsoon to be at an eight-year high of 106%
- The prediction of La Nina (above normal monsoon) in FY25 offers hope for the revival in the agricultural income and consequently the rural economy, following the onset of El Nino in FY24.
- Strong demand momentum for its UVs (new launches + Order Backlog) & expected revival in tractor demand (above-normal monsoon prediction by IMD) is likely to drive PAT CAGR of 16% over FY24-26.

View: Buy

Nifty Technical Outlook

NIFTY (CMP : 22620) Nifty immediate support at 22350 then 22222 zones while resistance at 22850 then 23000 zones. Now it has to hold above 22500 zones for an upside move towards 22850 then 23000 zones whereas supports are placed at 22350 then 22222 zones.

3-Nifty50 - 05/06/24
EMA(CloseLine:200)



BANK NIFTY (CMP : 49054) Bank Nifty support at 48500 then 48250 zones while resistance at 49500 then 50000 zones. Now it has to continue to hold above 48500 zones for a bounce towards 49500 then 50000 zones while on the downside support is seen at 48500 then 48250 levels.

3-Niftybank - 05/06/24
EMA(CloseLine:200)

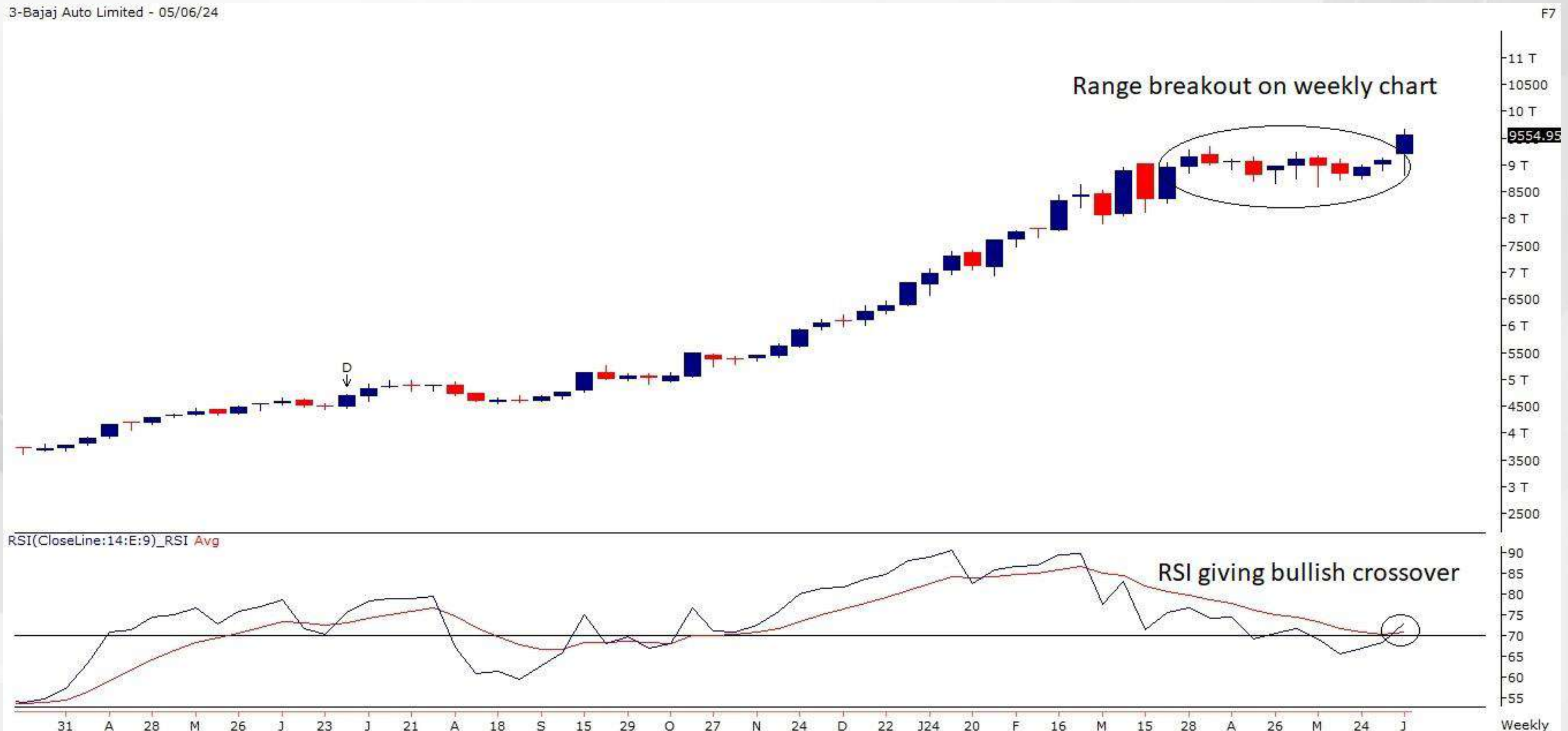


Technical Trading Idea

Bajaj Auto : Buy CMP : 9602 Target : 10200 SL : 9300 Duration : 2-3 Days

- Bajaj Auto is in overall uptrend and gave a range breakout on weekly chart. Buying is visible across Auto space which has bullish implications.
- Momentum indicator RSI is positively placed which may support the ongoing up move

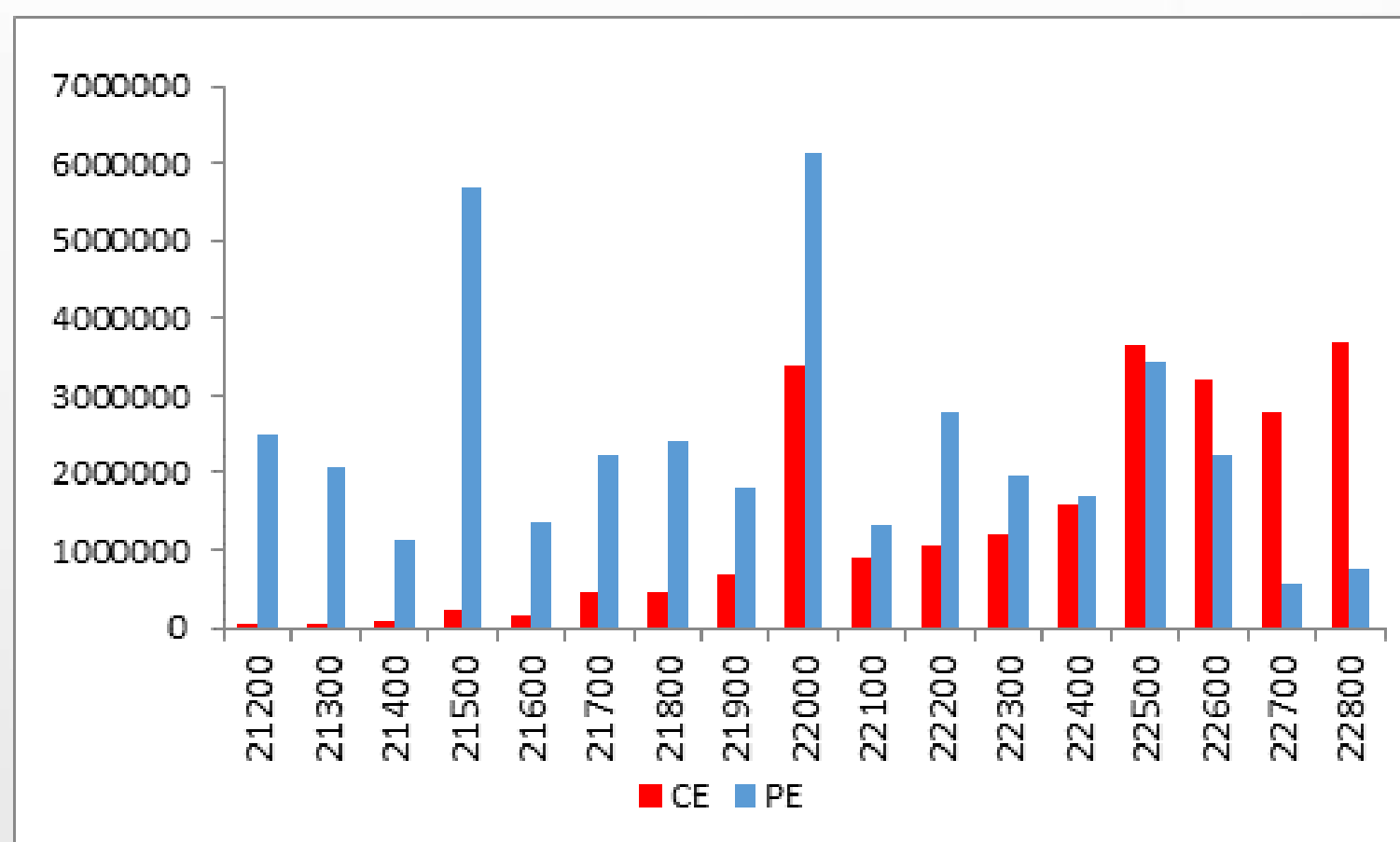
3-Bajaj Auto Limited - 05/06/24



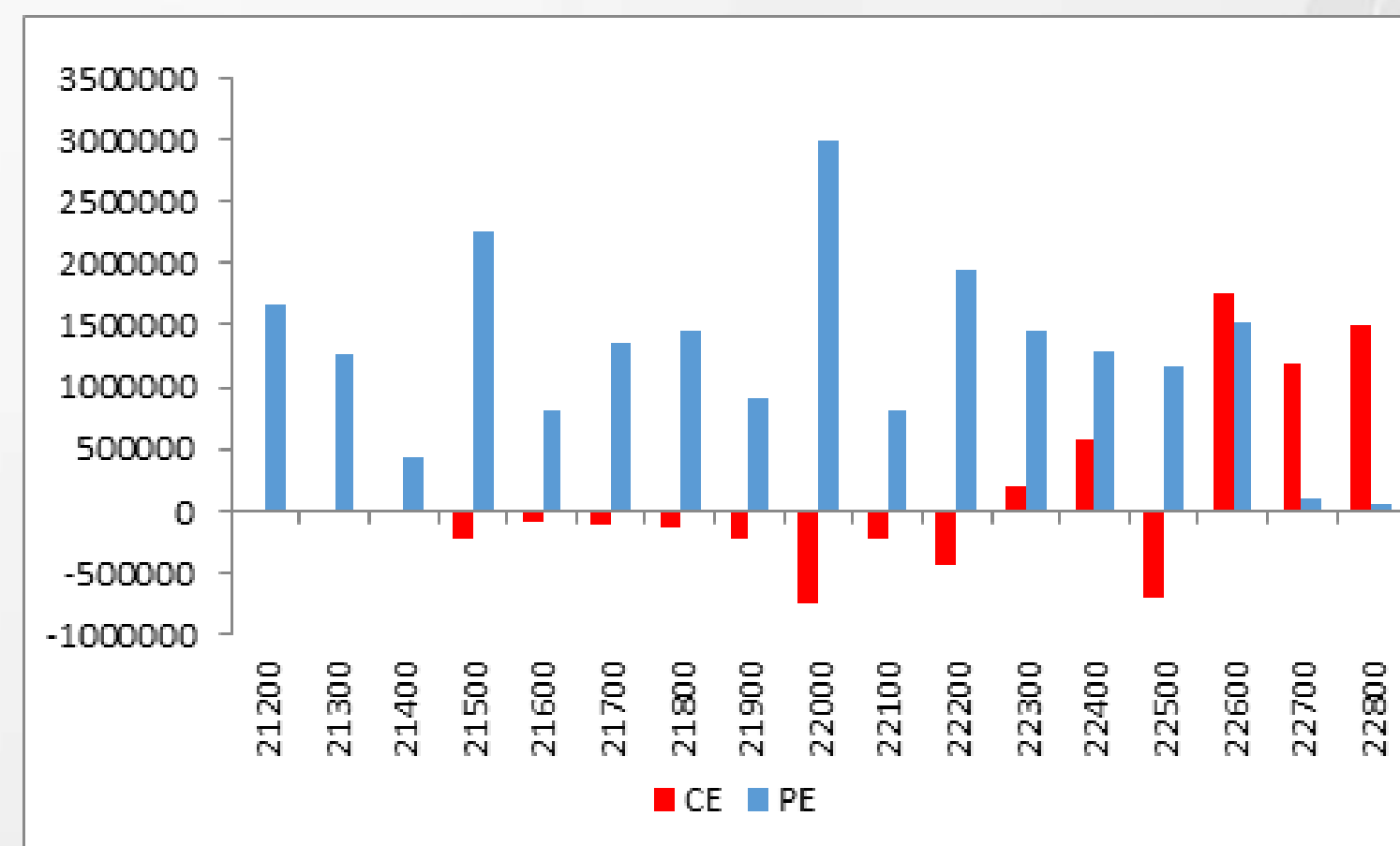
Derivative Outlook

- Nifty June future closed at 22,642.90 with a premium of 22.55 point v/s 23.65 point premium in the last session.
- Nifty futures OI decreased by 10.53% to 1.40 Cr and Bank Nifty futures OI increased by 13.41% to 31.20 Lakhs.
- Nifty Put/Call Ratio (OI) increased from 0.73 to 0.75 level.
- India VIX crashed by 29.28% from 26.75 to 18.89 levels. Volatility cooled off and comforted the bulls for a smart recovery in the market.
- On option front, Weekly Maximum Call OI is at 23000 then 23200 strike while Maximum Put OI is at 22500 then 22200 strike. Call writing is seen at 23000 then 22700 strike while minor Put writing is seen at 22400 then 22200 strike. Option data suggests a broader trading range in between 21500 to 23200 zones while an immediate range between 22200 to 22900 levels.

Nifty OI



1-Day change in Nifty OI



- **Option Buying:** Buy Weekly Nifty 22600 Call till it holds above 22500 zones. Buy Weekly Bank Nifty 50000 Call till it holds above 48500 zones.
- **Option Strategy:** Nifty Weekly Bull Call Ladder Spread (Buy 22600 CE, Sell 22800 CE and Sell 23000 CE) at net premium cost of 50-60 points. Bank Nifty Weekly Bull Call Ladder Spread (Buy 49100 CE, Sell 49600 CE and Sell 51000 CE) at net premium cost of 70-90 points.
- **Option Writing:** Sell Weekly Nifty 22000 PE and Sell 23100 CE with strict double SL. Sell Weekly Bank Nifty 53000 CE and 44000 PE with strict double sl. (Liquidity and intraday volatility to be kept in mind for strike selection).

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