

3rd June, 2024

Most
Market
 **OUTLOOK**



- GIFT Nifty all set to open on record high above 23300 mark or up nearly 3%. Exit poll forecast the BJP-led NDA to win between 350 and 400 conducted by various media outlets seats. Expect positive for PSUs, railways, green energy, aviation, defence, and semiconductors.
- All round growth – Q4 GDP Growth exceeds 9-quarter high at 8.2%- expectation 7.9% and Fiscal deficit improves to 5.6% of GDP in FY24, lower than target of 5.8% - positive for market sentiment. GST collections to rise by 10% to 1.7 lakh crore in May.

Actionable Idea for the Day

Technical Pick:

Coal India : Buy

(CMP 491 SL 478 TP 515)

2-3 Days)

Fundamental Pick:

SBI: Buy

(CMP : 830, TP: 925)

(Duration 1 Year)

Index Levels :

| Nifty Cash | R1 | R2 | S1 | S2 |
|----------------|--------|--------|--------|--------|
| 22,530 | 22,750 | 23,000 | 22,350 | 22,222 |
| BankNifty Cash | R1 | R2 | S1 | S2 |
| 48,983 | 49,500 | 50,000 | 48,250 | 47,777 |

Top 5 Investment Idea

| Stock Name | Rating | CMP | TP | Upside |
|------------------|--------|-------|-------|--------|
| ONGC | Buy | 265 | 340 | 29% |
| L&T | Buy | 3,667 | 4400 | 20% |
| UltraTech Cement | Buy | 9,901 | 11500 | 16% |
| NMDC | Buy | 260 | 300 | 15% |
| SBI | Buy | 830 | 925 | 11% |

Global Market Summary:

- US markets on Friday gained after inflation data came in line with expectations
- S&P 500 rose 0.8%, Nasdaq was up 1.5% while Dow closed flat down -0.01%
- Dow Futures is trading 0.1% higher. European indices were positive.
- Asian markets today, are all trading ~0.6% higher.
- **Global Cues: Positive**

Indian Market Summary:

- Nifty on Friday, remained volatile to end on a positive note ahead of the the exit poll outcome. Nifty closed with gains of 42 points at 22530 levels. Exit polls predict NDA 3.0 with an average forecast of ~370 seats (vs 353 seats won in 2019).
- Q4 GDP Growth at 9-quarter high at 8.2% vs expectation 7.9% and Fiscal deficit improves to 5.6% of GDP in FY24, lower than target of 5.8%. FIs: +Rs1,613 crore DIs: +Rs2,114 crore. GIFT Nifty is showing gap up opening of more than 600 points +3% higher.
- **Domestic Cues: Positive**

News and Impact :

Oil Marketing companies : Government reduced windfall tax on crude petroleum to Rs5,200 per ton from June 1, vs Rs5,700 earlier **Impact: Positive for HPCL, BPCL, IOC.**

Poonawalla Fincorp achieves significant milestone of GNPA below 1% and NNPA below 0.5% as on 31 st May 2024: **Impact: Positive**

STATE BANK OF INDIA: CMP Rs830, TP Rs925, 11% Upside, Buy)

- SBI reported strong 4QFY24 numbers with PAT growing 24% YoY to INR207b (28% beat), driven by higher other income, lower opex and lower-than-expected provisions.
- NII grew 3.1% YoY/4.6% QoQ (in line). NIMs expanded 8bp QoQ to 3.3% (domestic NIMs at 3.47%, up 13bp QoQ).
- Loan growth is likely to remain healthy at 13-15%. The bank will focus on increasing the domestic CD ratio up to 75%.
- We believe SBI is well positioned to deliver steady earnings, with FY26E RoA/RoE of 1.1%/18.5%. Reiterate BUY with a TP of INR925.

View: BUY

Bharat Electronics: CMP Rs296 Buy

- BEL is likely to continue to benefit from the government's focus on self-reliance in defence manufacturing and export potential
- BEL's revenue grew by 32% YoY in Q4FY24 led by robust execution. PAT saw a growth of 31% YoY. Order book increased by 25% YoY to ₹760b (3.8x TTM rev).
- We expect BEL's revenue market share to remain high at around 12-13%, as it remains key beneficiary of defence indigenization potential worth ₹5t over next five years.
- We are positive on BEL on back of larger market share, the benefit of technology tie-ups, MoUs, & an improving share of exports & non-defense in total revenues.
- We expect PAT CAGR of 22% over FY24-26.

View: BUY

Nifty Technical Outlook

NIFTY (CMP : 22530) Nifty immediate support at 22350 then 22222 zones while resistance at 22750 then 23000 zones. Now it has to hold above 22500 zones for support based buying to take it upside towards 22750 then 23000 zones whereas supports are placed at 22350 then 22222 zones.

1-Nifty50 - 31/05/24



BANK NIFTY (CMP : 48682) Bank Nifty support at 48250 then 47777 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 support exists at 48250 then 47777 levels.

1-Niftybank - 31/05/24



Technical Trading Idea

Coal India : Buy CMP : 491 Target : 515 SL : 478 Duration : 2-3 Days

- Coal India has retested breakout on daily chart and inched higher. Overall setup is bullish and small declines are being bought into.
- Momentum indicator RSI is on the verge of giving bullish cross over which may support the ongoing up move.

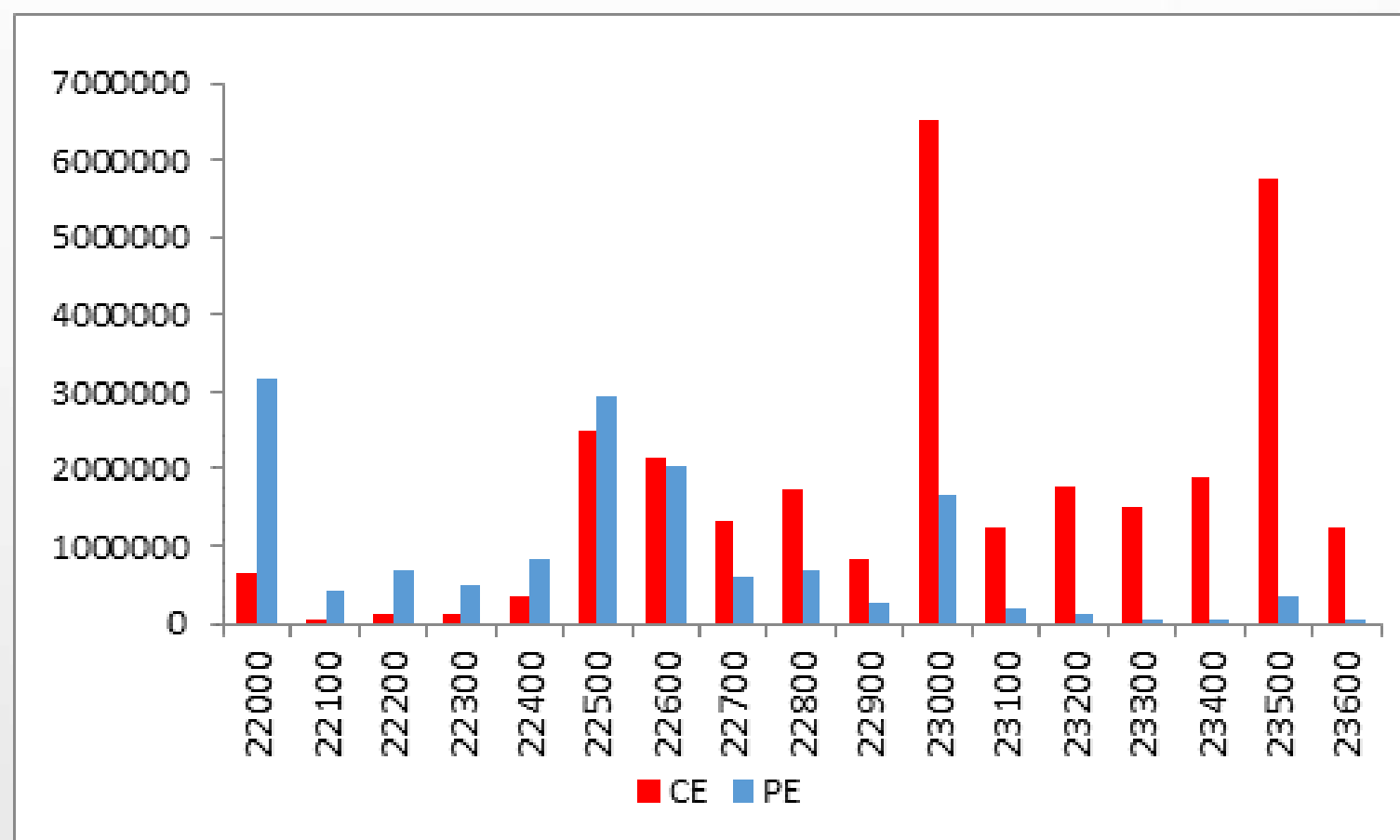
3-Coalindia - 31/05/24
EMA(CloseLine:50)



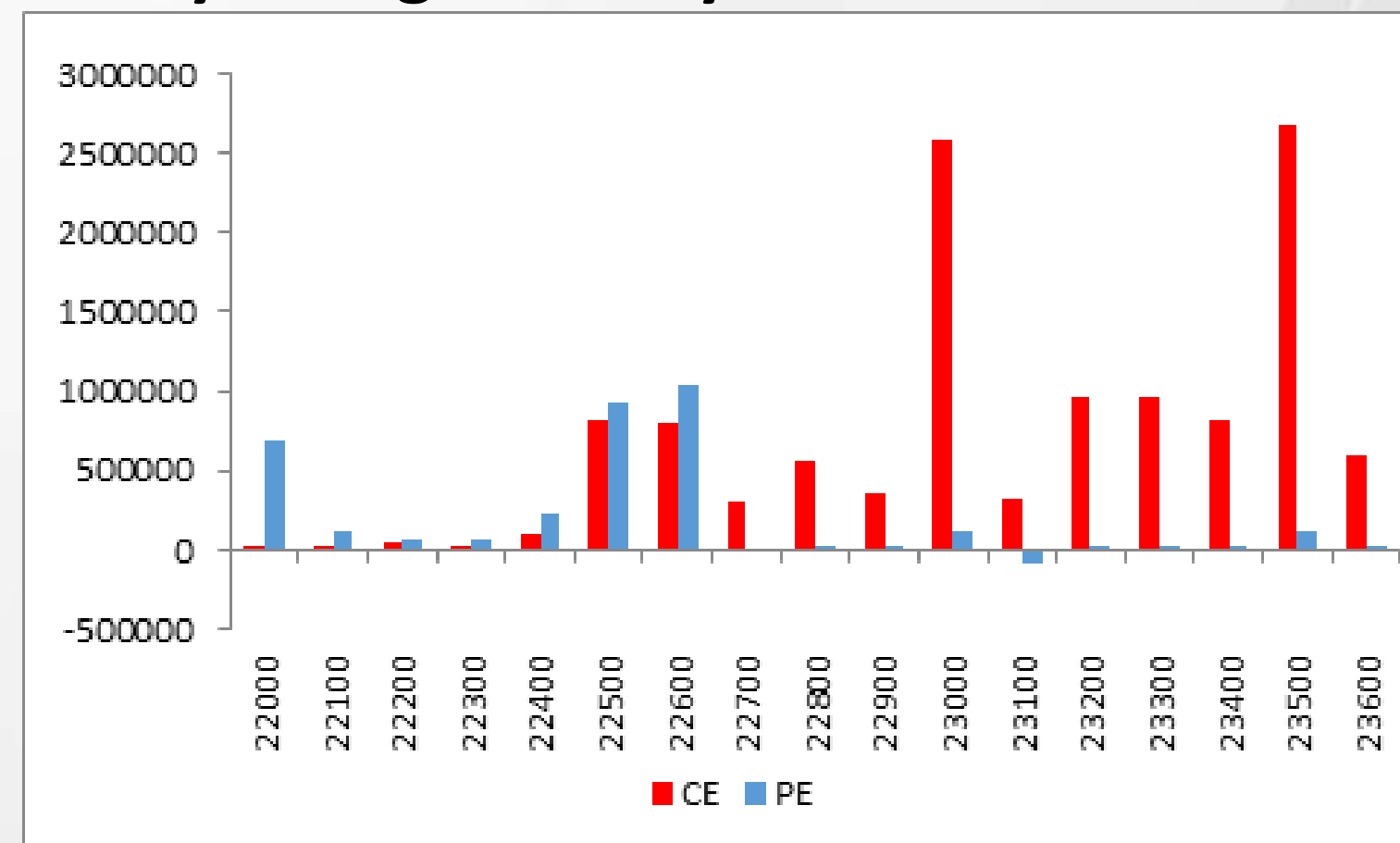
Derivative Outlook

- Nifty June future closed at 22,700.70 with a premium of 170 point v/s 138.70 point premium in the last session.
- Nifty futures OI increased by 8.31% to 1.56 Cr and Bank Nifty futures OI decreased by 6.47% to 24.13 Lakhs.
- Nifty Put/Call Ratio (OI) decreased from 1.12 to 1 level.
- India VIX was up by 1.7% from 24.18 to 24.60 levels. Volatility spiked above 26 levels during the week and has caused discomfort to the bulls.
- Since it is beginning of new series option data is scattered at various strike price. On weekly front, Maximum Call OI is at 23000 then 22800 strike while Maximum Put OI is at 22000 then 22500 strike. Minor Call writing is seen at 22500 then 22800 strike while minor Put writing is seen at 22500 then 22400 strike. Option data suggests a broader trading range in between 21800 to 23100 zones while an immediate range between 22100 to 22800 levels.

Nifty OI



1-Day change in Nifty OI



- **Option Buying:** Buy Weekly Nifty 23200 Call till it holds 22888 zones. Buy Weekly Bank Nifty 50000 Call till it holds above 49500 zones.
- **Option Strategy:** Nifty Weekly Bull Call Spread (Buy 22900 CE and Sell 23200 CE) at net premium cost of 100-120 points. Bank Nifty Weekly Bull Call Spread (Buy 50000 CE and Sell 51000 CE) at net premium cost of 350-400 points.
- **Option Writing:** Sell Weekly Nifty Weekly 21000 PE with strict double SL and avoid Call writing. Sell Weekly Bank Nifty 45000 PE with strict double sl and avoid Call writing. (Liquidity to be kept in mind for far strike selection).

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