

4th July, 2024

Most
Market
 **OUTLOOK**



- Record high closing in US market, rally in the across the global market on hope of rate cut by US Fed, falling US 10-Year bond Yield, better than expected domestic June PMI data and strong FII inflow, may open domestic bourses on a positive note.
- Gift Nifty is up by 0.5%. Asian markets gained up to 1% as Japan market intra-day surged to record high. European market gained 1% ahead of France Election outcome while UK election commence from today.
- Expects positive for defense stocks on hope of good quarterly results and strong order booking. Metal stocks may positive due to strong rising base metal price on LME.

Actionable Idea for the Day

Technical Pick: (2-3 Days)

HAL : Buy

(CMP 5459 SL 5300 TP 5750)

Fundamental Pick: (1 Year)

Bajaj Finance : Positive

(CMP : 7265)

Technoquant Intraday Sell Idea

- KNR Construction
- Welspun India

Index Levels :

| Nifty Cash | R1 | R2 | S1 | S2 |
|----------------|--------|--------|--------|--------|
| 24,268 | 24,400 | 24,500 | 24,200 | 24,000 |
| BankNifty Cash | R1 | R2 | S1 | S2 |
| 53,089 | 53,250 | 53,750 | 52,750 | 52,500 |

Top 5 Investment Idea

| Stock Name | Rating | CMP | TP | Upside |
|---------------|--------|-------|------|--------|
| Lemon Tree | Buy | 145 | 175 | 21% |
| Bharti Airtel | Buy | 1,422 | 1680 | 18% |
| Polycab | Buy | 6,705 | 7850 | 17% |
| TCS | Buy | 3,968 | 4600 | 16% |
| HDFC Bank | Buy | 1,768 | 1950 | 10% |

Global Market Summary:

- US markets yesterday, ended with gains of 0.5-1%, posing record high closes, except for Dow Jones which fell 0.1%. Rising U.S. employment and 4-year low US Services PMI data, along with dovish US Fed commentary raised hopes of Fed rate cut in September. The market will stay closed on Thursday for U.S. Independence Day. Dow Futures is trading flat.
- European indices yesterday too gained ~1%.
- Asian markets today, are trading ~0.5-1% higher, as Japan's Topix crossed its all-time high of 2,886.50, previously set in December 1989
- **Global Cues: Positive**

Indian Market Summary:

- Nifty yesterday, crossed the 24300 mark while Sensex breached the historic 80,000 mark amid buying in banking stocks. Nifty closed with gains of 163 points (0.7%) at 24287 levels.
- FII: +Rs5484 crore DII: -Rs924 crore.
- Currently GIFT Nifty is trading +0.3% higher (75 points higher).
- **Domestic Cues: Positive**

News and Impact :

L&T Finance: L&T Finance released 1QFY25 business update wherein retail disbursements rose 33% YoY to INR148b. Rural Business disbursements grew 28% YoY. Farmer Finance disbursements grew 8% YoY and Urban Finance disbursements grew 44% YoY. **Impact: Positive**

GE T&D India: The company has received an order worth 64 million euros from Grid Solutions SAS, France, for the supply and supervision of high voltage products.. **Impact: Positive**

Bajaj Finance: CMP INR7265

- In its Q1FY25 business update, Bajaj Finance total customer franchise stood at ~88.1m, up ~21% YoY/5.3% QoQ.
- New customer acquisition was very strong with BAF acquiring ~4.5m new customers (v/s 3.8m YoY). Customer addition trend was far stronger than prior years 1Q suggesting that eCOM and Insta EMI Card customer acquisitions have resumed on a strong footing.
- New Loans booked rose ~10% YoY at 10.97m (v/s 9.94m in 1QFY24). AUM growth was in-line with the reported AUM at INR3.54t, up ~31% YoY/~7% QoQ. Deposit book stood at INR627.5bn (grew 26% YoY)
- AUM growth of ~31% YoY is healthy despite the month of Apr'24 being impacted by the RBI ban on eCOM and Insta-EMI card

View: Positive

BHEL: CMP INR312

- Government has asked power companies to order equipment worth \$33 billion this year to fast track capacity additions of coal-fired power in the years ahead
- The targets are ambitious given the country has ordered equipment for about 2-3 GW capacity annually in prior years, barring last year's orders for 10 GW.
- BHEL which bagged all power equipment contracts in auctions in the last year, is likely to get most of the contracts for the new equipment

View: Positive

NIFTY (CMP : 24286) Nifty immediate support at 24200 then 24000 zones while resistance at 24400 then 24500 zones. Now it has to hold above 24200 zones to extend the move towards 24400 and 24500 zones whereas supports are placed at 24200 then 24000 zones.



Bank Nifty Technical Outlook

BANK NIFTY (CMP : 53089) Bank Nifty support at 52750 then 52500 zones while resistance at 53250 then 53750 zones. Now it has to continue to hold above 52750 zones for an up move towards 53250 then 53750 levels while on the downside support is seen at 52750 then 52500 zones.

2-Niftybank - 03/07/24



Technical Trading Idea

HAL : Buy CMP : 5459 Target : 5750 SL : 5300 Duration : 2-3 Days

- HAL is in overall uptrend and holding gains at higher zones. It has given consolidation breakout on daily chart and buying is visible across Defence stocks which may support the ongoing up move.

2-Hindustan Aeronautics Lim - 03/07/24



Derivative Outlook

- Nifty July future closed at 24,350.40 with a premium of 63.90 point v/s 79.30 point premium in the last session.
- Nifty futures OI decreased by 0.53% to 1.59 Cr and Bank Nifty futures OI increased by 13.77% to 31.47 Lakhs.
- Nifty Put/Call Ratio (OI) increased from 1.15 to 1.24 level.
- India VIX was down by 3.19% from 13.67 to 13.20 levels. Lower volatility is comforting the bulls to drive the index at higher zones.
- On option front, Maximum Call OI is at 25000 then 24500 strike while Maximum Put OI is at 24000 then 23800 strike. Call writing is seen at 24300 strike while Put writing is seen at 23800 strike. Option data suggests a broader trading range in between 23900 to 24500 zones while an immediate range between 24100 to 24400 levels.

- Option Buying: Buy Nifty Weekly 24250 Call till it holds above 24200 zones. Buy Weekly Bank Nifty 53500 Call till it holds above 52750 zones.
- Option Strategy: Nifty Weekly Bull Call Spread (Buy 24300 CE and Sell 24450 CE) at net premium cost of 60-70 points. Bank Nifty Weekly Bull Call Spread (Buy 53100 CE and Sell 53600 CE) at net premium cost of 180-200 points.
- Option Writing: Sell Weekly Nifty 24100 PE and Sell 24500 CE with strict double SL. Sell Weekly Bank Nifty 51000 PE and 55000 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 1.5-2% of the open.
- Book profit: At 2-3% fall since open.
- In special situations the book profit might be delayed if the stock is in free fall.

Today's Ideas:

- **KNR Construction**
- **Welspun India**

Siddhartha Khemka Head - Retail Research

Chandan Taparia, CMT, CFTE Derivatives & Technical Analyst

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|--------------------|-----------------------------|--|
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| Ms. Kumud Upadhyay | 022 40548082 | servicehead@motilaloswal.com |
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