

31st July, 2024

Most
Market
 **OUTLOOK**



- The domestic equity market is expected to open flattish ahead of key decisions by the US Federal Reserve and the Bank of Japan on interest rates. The Fed is anticipated to keep rates unchanged but may signal future changes, with a potential rate cut expected in September. The Nasdaq Futures have risen nearly 1% due to the US 10-year bond yield dropping to a one-month low of 4.14% and mixed quarterly results.
- The GIFT Nifty is showing a flat to negative trend. Oil marketing companies are likely to see positive impacts due to Brent Crude's decline to a two-month low. Attention will be on Auto stocks today as major companies M&M and Maruti are set to announce their Q1 results.

Actionable Idea for the Day

Technical Pick: (2-3 Days)

SRF : Buy

(CMP 2552 SL 2480 TP 2700)

Fundamental Pick: (1 Year)

Gail : Buy

(CMP : 233, TP: 260)

Technoquant Intraday Sell Idea

M&M Financial (Sell)

(CMP 304 SL 307 TP 298)

Jammu & Kashmir Bank (Sell)

(CMP 112 SL 113 TP 110)

Index Levels :

Nifty Cash	R1	R2	S1	S2
24,857	25,000	25,150	24,750	24,600
BankNifty Cash	R1	R2	S1	S2
51,499	52,000	52,350	51,250	51,000

Top 5 Investment Idea

Stock Name	Rating	CMP	TP	Upside
KEI Ind	Buy	4,306	5230	21%
Persistent	Buy	4,767	5700	20%
Chola Inv & Fin	Buy	1,419	1660	17%
M&M	Buy	2,929	3300	13%
L&T	Buy	3,778	4150	10%

Global Market Summary:

- US markets yesterday, ended on a mixed note, on mixed set of earnings.
- Dow Futures is trading -0.2% lower.
- European indices yesterday ended on a mixed note.
- Asian markets today, are mostly trading 0.5-1% higher.
- **Global Cues: Muted**

Indian Market Summary:

- Nifty yesterday, remained positive throughout the session to close with minor gains of 21 points at 24857 levels.
- Broader space outperformed with Nifty Midcap 100 up 0.5% and Smallcap 100 up 0.9%.
- FIIs: -Rs5599 crore DIIs: +Rs5565 crore. Currently GIFT Nifty is trading +0.2% higher (60 points up).
- **Domestic Cues: Positive**

News and Impact :

Granules: Granules India posted in-line revenue growth of 20% YoY to INR11.8b in 1QFY25. However, it delivered better-than-estimated 1QFY25 EBITDA/PAT led by the increased share of formulation sales as well as a higher contribution from new launches. **Impact: Positive**

Dixon Tech: Dixon reported 1Q consolidated revenue of INR65.8b, up 101% YoY, led by strong growth in Mobile & EMS (+189% YoY), and Home Appliances (+18% YoY), Lighting (+2% YoY). EBITDA increased by 88% YoY to INR2.5b driven by sharp increase in mobile segment revenues. PAT grew 94% YoY to INR1.3b supported by strong growth in revenue and EBITDA as well as higher other income and lower tax rate.

Impact: Positive

Fundamental Actionable Idea

GAIL: CMP INR233 TP INR 260 12% Upside Buy

- EBITDA came in 32% above our estimate at INR45.3b (up 73% YoY). The beat was due to stronger-than-expected performances in the gas transmission and natural gas marketing segments.
- PAT was 21% above our est. at INR27.2b (up 71% YoY).
- Natural gas transmission volume stood at 131.8mmscm (vs. our est. of 124.1mmscm; 123.7mmscm in 4QFY24); likely driven by strong power demand related LNG imports we think.
- Petchem sales however declined 30% QoQ to 169tmt (vs. our est. of 212.6mmscm).

View: Positive

IOCL: CMP INR183, TP INR215, 18% Upside, Buy

- IOCL's 1QFY25 EBITDA at INR86.3b came in 16% higher than our estimate led by marketing margin (1QFY25: INR4.8/lit).
- EBITDA was also driven by turnaround in petchem division (1Q EBIT of INR119m vs. a loss previously). We remain constructive on the petchem cycle turning around in 2HFY25.
- Core GRM in 1QFY25 was USD2.8/bbl. SG GRM has been marginally up so far in 2QFY25 at ~USD5/bbl vs. USD3.5/bbl in 1QFY25. For FY25/26, we are building in GRMs of USD6.9/9.0 per bbl. We believe the refining segment performance will be healthy given the robust oil demand.
- OMCs are currently estimated to be generating a marketing margin of INR6.9/4.9 per lit on petrol/diesel vs. our assumption of INR3.3/lit for both these products in FY25-26.
- IOCL is set to commission multiple projects over the next two years, driving further growth.

View: Buy

NIFTY (CMP : 24857) Nifty immediate support at 24750 then 24600 zones while resistance at 25000 then 25150 zones. Now it has to hold 24750 zones for an up move towards 25000 and 25150 zones whereas supports are placed at 24750 then 24600 zones.

2-Nifty50 - 30/07/24
EMA(CloseLine:20)



BANK NIFTY (CMP : 51499) Bank Nifty support at 51250 then 51000 zones while resistance at 52000 then 52350 zones. Now it has to continue to hold above 51250 zones for a bounce towards 52000 then 52350 levels while on the downside support is seen at 51250 then 51000 zones.

2-Niftybank - 30/07/24



Technical Trading Idea

SRF : Buy CMP : 2552 Target : 2700 SL : 2480 Duration : 2-3 Days

- SRF has given trend line breakout on daily chart and holding well above the same. Relative Strength Index which measures the momentum of a stock has turned up from the centreline which indicates bullish bias. Buying is visible across Chemical space which may support the ongoing up move.

2-Srf Ltd. - 30/07/24



Derivative Outlook

- Nifty July future closed at 24,929.10 with a premium of 71.80 point v/s 74.35 point premium in the last session.
- Nifty futures OI increased by 2.20% to 1.57 Cr and Bank Nifty futures OI decreased by 3.61% to 29.42 Lakhs.
- Nifty Put/Call Ratio (OI) increased from 1.14 to 1.23 level.
- India VIX was down 0.50% from 12.94 to 12.88 levels. Overall lower volatility supports the bullish stance in the market.
- On option front, Maximum Call OI is at 25500 then 25000 strike while Maximum Put OI is at 24000 then 24500 strike. Call writing is seen at 25500 then 25400 strike while Put writing is seen at 24900 then 24500 strike. Option data suggests a broader trading range in between 24500 to 25200 zones while an immediate range between 24700 to 25000 levels.

- **Option Buying:** Buy weekly Nifty 24900 Call till it holds above 24750 zones. Buy Bank Nifty 51500 Call till it holds above 51250 zones.
- **Option Strategy:** Nifty Weekly Bull Call Spread (Buy 24850 CE and Sell 25050 CE) at net premium cost of 70-80 points. Bank Nifty Bull Call Ladder Spread (Buy 51500 CE, Sell 51800 CE and Sell 52000 CE) at net premium cost of 70-90 points.
- **Option Writing:** Sell Weekly Nifty 24500 PE and Sell 25150 CE with strict double SL. Sell Bank Nifty 50500 PE and 52300 CE with strict double SL.

Today's **Sell** Ideas:

Stock Names	Close Price	SL (1%)	TP (2%)
M&M Financial (Sell)	304	307	298
J & K Bank (Sell)	112	113	110

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% of the open.
- Book profit: At 2% fall since open.
- In special situations the book profit might be delayed if the stock is in free fall.

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