

14th August, 2024

Most
Market
 **OUTLOOK**

- Expect market to open on a positive note on account of rally in the global market. Cooling July wholesale inflation data in the US, has bolstered global market optimism with hopes of an interest rate cut by the US Federal Reserve. This resulted in a notable 2.5% gain in the US market, a drop in the US VIX to 18 from the previous week's peak of 65, and a decrease in the US 10-year bond yield. Consequently, Asian markets saw a rise of up to 1% in anticipation of a potential Fed rate cut in September.
- The Gift Nifty is up by 50 points, indicating a positive start, while US index futures remain flat as they await today's inflation data release.

Actionable Idea for the Day

Technical Pick: (2-3 Days)

Aurobindo Pharma : Buy

(CMP 1507 SL 1460 TP 1600)

Fundamental Pick: (1 Year)

Gravita India : Buy

(CMP : 1800, TP: 2350)

Technoquant Intraday Sell Idea

Gujarat Flurochem Ltd (Sell)

(CMP 3330 SL 3364 TP 3264)

CSB Bank Ltd (Sell)

(CMP 324 SL 327 TP 317)

Index Levels :

Nifty Cash	R1	R2	S1	S2
24,139	24,300	24,400	23,900	23,800
BankNifty Cash	R1	R2	S1	S2
49,831	50,250	50,400	49,500	49,000

Top 5 Investment Idea

Stock Name	Rating	CMP	TP	Upside
Persistent	Buy	4,712	5700	21%
HUL	Buy	2,741	3250	19%
L&T	Buy	3,552	4150	17%
Kalyan Jewelleries	Buy	558	650	16%
Coal India	Buy	522	600	15%

Global Market Summary:

- US markets yesterday, advanced after reporting softer producer prices data. The S&P 500 gained 1.7%, while the Nasdaq Composite gained 2.4.
- Dow Futures is trading 41 points lower.
- European indices ended positive up 0.4%
- Asian markets today, are mixed.
- **Global Cues: Flat to Positive**

Indian Market Summary:

- Nifty yesterday, came under pressure and closed with loss of 208 points (-0.8%) at 24,139 levels
- FIIs: -Rs2107 crore DIIs: +Rs1240 crore.
- Currently GIFT Nifty is trading 24 points lower.
- **Domestic Cues: Flat**

News and Impact :

Vedanta: The company has received approval from the Committee of Directors for the sale of up to 11 crore equity shares (a=2.6% stake) of Hindustan Zinc via an offer-for-sale. **Impact: Positive**

LTTS: The Company announced that it has signed a long-term framework agreement with Shell, to provide integrated Engineering and Procurement Services along with Digital Engineering Services, Data Governance for Capital Projects and Digital Project Management Consultancy for Shell's global assets.

Impact: Positive

GRAVITA INDIA - Getting the 'Lead Out' in style!

CMP INR1800, TP INR2350, 31% Upside, Buy

- Gravita is one of the key players in the growing recycling industry in India, primarily engaged in recycling lead (~88% of revenue in FY24), aluminum (~8%), and plastics (~2%).
- The company is incurring a significant capex of over ₹6b (INR4b for the existing segments and INR2b for the upcoming segments, like Lithium ion, Steel, and Paper) to more than double the capacity over the next three years (~686K MTPA by FY27 vs. ~303K in FY24).
- We believe that with strong industry tailwinds, favorable regulatory policies, the availability of additional hedging mechanisms, and the absence of significant supply chain disruption, Gravita can ramp up the utilization materially.
- We estimate Gravita to register a revenue/Adj. EBITDA/Adj. PAT CAGR of 26%/ 29%/31% over FY24-27.

View: Buy

SAMVARDHANA MOTHERSON: Strong performance in a tough quarter

CMP INR181, TP INR218, 21% Upside, Buy

- Motherson reported a strong 65.5% YoY growth in earnings (in line with estimates) despite muted automotive production growth in 1Q.
- It reported an 18% annualized RoCE in 1Q and management expects the same would continue to improve in FY25, aided by synergy benefits of acquisitions.
- Our positive view on MOTHERSO remains intact based on the ramp up of new businesses in non-auto, execution of a strong order book for SMRPBV, and capacities in place for growth.

View: Buy

Nifty Technical Outlook

NIFTY (CMP : 24139) Nifty immediate support at 23900 then 23800 zones while resistance at 24300 then 24400 zones. Now till it holds below 24200, further weakness could be seen towards 23900 and then 23800 zones while hurdles are seen at 24300 and then 24400 zones.

2-Nifty50 - 13/08/24
EMA(CloseLine:50)



BANK NIFTY (CMP : 49831) Bank Nifty support at 49500 then 49000 zones while resistance at 50250 then 50400 zones. Now till it holds below 50150 zones some weakness could be seen towards 49500 then 49000 levels while on the upside hurdle is seen at 50250 then 50400 zones.

2-Niftybank - 13/08/24
EMA(CloseLine:50)



Technical Trading Idea

Aurobindo Pharma : Buy CMP : 1507 Target : 1600 SL : 1460 Duration : 2-3 Days

- Stock is in a strong uptrend with the most recent candle being a large bullish candle breaching the previous all-time high price.
- The ADX Indicator has been moving up since its trough which indicates the up move has strength to support it. Buying is visible across Pharma space which may support the ongoing up move.

2-Aurobindo Pharma Ltd. - 13/08/24



Derivative Outlook

- Nifty August future closed at 24,161 with a premium of 22 point v/s 9.8 point premium in the last session.
- Nifty futures OI increased by 3.82% to 1.38 Cr and Bank Nifty futures OI increased by 21.38% to 38.02 Lakhs.
- Nifty Put/Call Ratio (OI) decreased from 1.03 to 0.78 level.
- India VIX was up by 1.89% from 15.87 to 16.17 levels. Rising volatility is creating some swings and tug of war between the bulls and bears.
- On option front, Maximum Call OI is at 25000 then 24500 strike while Maximum Put OI is at 23500 then 24000 strike. Call writing is seen at 24300 then 24500 strike while Put writing is seen at 23900 then 24100 strike. Option data suggests a broader trading range in between 23600 to 24600 zones while an immediate range between 23800 to 24500 levels.

- **Option Buying:** Buy Weekly Nifty 24150 Put till it holds below 24200 zones. Buy Weekly Bank Nifty 49700 Put till it holds below 50150 zones.
- **Option Strategy:** Nifty Weekly Bear Put Ladder Spread (Buy 24150 PE, Sell 24000 PE and Sell 23900 PE) at net premium cost of 35-45 points. Bank Nifty Weekly Bear Put Spread (Buy 49800 PE and Sell 49500 PE) at net premium cost of 100-120 points.
- **Option Writing:** Sell Weekly Sell 23800 PE and 24450 CE with strict double SL. Sell Weekly Bank Nifty 48800 PE and 50800 CE with strict double SL.

Today's **Sell** Ideas:

Stock Names	Close Price	SL (1%)	TP (2%)
Gujarat Flurochem Ltd (Sell)	3,330	3,364	3,264
CSB Bank Ltd (Sell)	324	327	317

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.

Siddhartha Khemka Head - Retail Research

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