

20th August, 2024

Most
Market
 **OUTLOOK**



- Rally in the global markets, the U.S. Dollar Index has fallen to a one-year low, dropping below the 102 level, while Brent crude prices have reached a one-month low due to the recent cease-fire between Israel and Gaza. This optimism may lead to a positive opening for domestic markets. Markets in the U.S, Asia and Europe have surged by over 1% each, driven by expectations that the Federal Reserve will soon signal its readiness to start lowering interest rates. Gift Nifty is up by 70 points. Oil marketing stocks such as HPCL, BPCL, and IOC may also see positive movement due to Brent Crude prices dropping to nearly a two-month low below \$77 per barrel. The strong performance of global IT indices suggests that IT stocks could continue to rise.

Actionable Idea for the Day

Technical Pick: (2-3 Days)

Voltas : Buy

(CMP 1608 SL 1560 TP 1700)

Fundamental Pick: (1 Year)

Dixon Tech : Buy

(CMP : 12784, TP: 15000)

Technoquant Intraday Sell Idea

Canfin Home (Sell)

(CMP 835 SL 843 TP 818)

ACE (Sell)

(CMP 1311 SL 1324 TP 1285)

Index Levels :

Nifty Cash	R1	R2	S1	S2
24,572	24,700	24,900	24,450	24,200
BankNifty Cash	R1	R2	S1	S2
50,368	50,750	51,000	50,250	50,000

Top 5 Investment Idea

Stock Name	Rating	CMP	TP	Upside
HUL	Buy	2,739	3250	19%
Kalyan Jewelleries	Buy	550	650	18%
L&T	Buy	3,558	4150	17%
Persistent	Buy	4,900	5700	16%
Coal India	Buy	522	600	15%

Global Market Summary:

- US markets yesterday, gained ~1%, driven by expectations that the US Fed might soon start lowering interest rates, leading to fall in US Dollar Index to 1-year low at below 102 level.
- Events: Jackson Hole, Meeting minutes
- Dow Futures is trading -0.1% lower.
- European indices yesterday gained 0.5%.
- Asian markets today, are trading ~0.5% higher.
- Brent Crude dropped to 1-month low at below \$78 after Israel Gaza Cease-Fire
- **Global Cues: Positive**

Indian Market Summary:

- Nifty yesterday, traded sideways with a positive bias to close with gains of 32 points at 24573 levels.
- FII: -Rs2667 crore DII: +Rs1803 crore.
- Currently GIFT Nifty is trading 0.1% higher (30 points up).
- **Domestic Cues: Muted**

News and Impact :

Insurance: As per media reports, Govt is considering a proposal to raise the FDI limit in the insurance sector from 74% to 100%. This initiative has the support of the IRDAI, but it will require political approval since amending the Insurance Act is necessary. **Impact: Positive**

IndusInd Bank: The Reserve Bank of India has given its approval to IndusInd for setting up a wholly owned subsidiary to undertake the asset management business of mutual funds, along with infusing equity capital into the said asset management subsidiary. **Impact: Positive**

Dixon Tech: CMP INR12784, TP INR15000, 17% Upside, Buy

- Dixon Technologies has emerged as a fast-growing diversified player in the electronics manufacturing services (EMS) industry. It is a key beneficiary of several PLI schemes for mobile phones, IT hardware, white goods, lighting, and AC components.
- It has consistently increased its market share in different segments through new technology tie-ups or new client additions.
- We expect DIXON to continue focusing on new segments, backward integration, ODM mix improvement, and operational efficiencies to boost its margins despite the rising revenue contribution from the low-margin mobile segment.
- We estimate a revenue/PAT CAGR of 44%/51% during FY24-27. We initiate coverage on the stock with a BUY rating and a DCF-based TP of INR15,000.
- Though valuations are on the higher side, strong industry growth drivers, presence in the fast-growing segments, possibility of adding more segments, and best-in-class RoIC will keep valuations higher.

View: Buy

Aurobindo Pharma: CMP INR1519

- Aurobindo Pharma's China facility to start production in Q3 FY25, with full-scale output in FY26. The company is trying to do some filings for China as well as for the US. So all this will take the China revenue potential up in the coming years.
- The company also expects its Pen-G plant in AP to ramp up production significantly. It is hopeful to ramp up production significantly from October this year

View: Positive

NIFTY (CMP : 24572) Nifty immediate support at 24450 then 24200 zones while resistance at 24700 then 24900 zones. Now it has to continue to hold above 24500 zones for an up move towards 24700 then 24900 levels while support is seen at 24450 then 24200 zones.

2-Nifty50 - 19/08/24
EMA(CloseLine:50)



BANK NIFTY (CMP : 50368) Bank Nifty support at 50250 then 50000 zones while resistance at 50750 then 51000 zones. Now it has to continue to hold above 50250 zones for a bounce towards 50750 then 51000 levels while support is seen at 50250 then 50000 zones.

2-Niftybank - 19/08/24
EMA(CloseLine:100)



Technical Trading Idea

Voltas : Buy CMP : 1608 Target : 1700 SL : 1560 Duration : 2-3 Days

- Price has formed a rising 3 candle pattern on the daily scale which is a bullish continuation pattern with higher than average buying volumes.
- The ADX Indicator has been moving up since its trough which indicates the up move has strength to support it.



Derivative Outlook

- Nifty August future closed at 24,595.75 with a premium of 23.10 point v/s 44.35 point premium in the last session.
- Nifty futures OI decreased by 1.97% to 1.29 Cr and Bank Nifty futures OI increased by 5.34% to 37.96 Lakhs.
- Nifty Put/Call Ratio (OI) decreased from 1.31 to 1.17 level.
- India VIX was down by 0.61% from 14.40 to 14.32 levels. Volatility has been cooling off from the last three sessions and comforting the bulls to stick around the support levels.
- On option front, Maximum Call OI is at 25000 then 24600 strike while Maximum Put OI is at 23900 then 24500 strike. Call writing is seen at 24600 then 25000 strike while Put writing is seen at 23900 then 24600 strike. Option data suggests a broader trading range in between 24200 to 25000 zones while an immediate range between 24400 to 24800 levels.

- **Option Buying:** Buy Weekly Nifty 24550 Call till it holds above 24500 zones. Buy Weekly Bank Nifty 50600 Call till it holds above 50250 zones.
- **Option Strategy:** Nifty Weekly Bull Call Ladder Spread (Buy 24550 CE, Sell 24700 CE and Sell 24850 CE) at net premium cost of 60-65 points. Bank Nifty Weekly Bull Call Ladder Spread (Buy 50400 CE, Sell 50700 CE and Sell 51200 CE) at net premium cost of 80-90 points.
- **Option Writing:** Sell Weekly Nifty 24100 PE and 24900 CE with strict double SL. Sell Weekly Bank Nifty 49400 PE and 51400 CE with strict double SL.

Today's **Sell** Ideas:

Stock Names	Close Price	SL (1%)	TP (2%)
CANFINHOME (Sell)	835	843	818
ACE (Sell)	1,311	1,324	1,285

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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