

June 2017

INDEX
CNX Nifty : 9616
Sensex : 31137

NIFTY MONTHLY



Support : 9532 / 9340
Resistance : 9650 / 9800

Strategy

The trend is intact, positive till the Nifty and Bank Nifty holds 9532 and 22978 levels respectively. Overall trend is up and the volatility is subdued, so buy on declines is advised. The recent rally could extend and may take a new leg if the upcoming RBI policy is favorable.

Trend Up, Defying the Sceptics

Nifty index continued its positive move for fifth consecutive month and registered a fresh life time high of 9650 with a monthly surge of 3.40%. On the monthly chart Index made a long green candle suggesting that the bulls are in control and the longer term players are still playing on the long side. In the fourth week of the month, the index witnessed a small decline but that was being bought. However at the same time sharp decline was observed in several mid and small cap stocks. The index was held higher lead by a strong rally emerging in the FMCG, Housing Finance and private sector banks. The laggards for the month were PSU banks and Oil and Gas stocks. This month we have an important RBI policy meet and market participants will focus on the same, to get the next trigger for the market. If RBI manages to push down the interest rates then there could be another round of fresh buying in the market.

On the weekly scale the index witnessed a steady rally and has been making higher top - higher bottom formation. In this week Nifty remained in a range of 100 points and seems to be taking a pause after the swift rally in the previous week. The range for the week has shrunk as the index oscillates between 9550-9650. The overall trend on the weekly chart remains positive till it holds above the previous high swing in the 9500-9532 zones while on the upside follow up buying could extend its rally towards 9800 zones.

On the daily time frame the index shows some signs of fatigue but the overall trend remains positive. The RSI hit the overbought zone and it has caused a pause in the momentum. There is a negative divergence between price and the oscillator but still there are no real signs of a reversal in the index as the underlying trend is still very strong. Now if it is sustained below 9580 only then a profit booking could be seen towards 9532 while on the upside index needs to surpass 9635 zone to extend its up move towards the 9700-9750 levels.

Bank Nifty outperformed the Nifty index as it gained by 4.77% compared to Nifty gains of 3.40%. Bank Nifty registered a new high of 23469 lead by strong buying in the Private Banking space, even though there was a lot of value deterioration in PSU banking stocks. This week is very crucial and may turn volatile for Bank Nifty as RBI policy is to be announced during the month. Bank Nifty has major support at 22978 and below that short term trend may turn cautious with the next support at 22750 and 22500 while a hold above 23300 could extend its move towards 23800-24000 zones.

Sector Outlook

SECTOR NAME	CMP	MOM (%)	OUTLOOK FOR THE MONTH	POTENTIAL MOVERS & SHAKERS
Auto	10870.8	6.00	Positive	Tatamotors, TVS Motors
Bank	23424.8	4.77	Positive	Yes Bank, PNB
FMCG	25841.8	9.15	Positive	ITC, Asian Paint
Engineering	3213.15	-1.29	Positive	Havells, Voltas
Pharma	9025.25	-10.82	Neutral	Fortis, Cadilac
Media	3066.05	-5.72	Neutral	ZEEL, Suntv
Metals	2952.95	-0.71	Negative	VEDL, Hindalco
Energy	11925.65	-2.76	Negative	IOC, HPCL

Dharmesh Kant
Head - Retail Research

Chandan Taparia
Derivatives & Technical Analyst

NIFTY

USDINR



Indian Rupee has been in a runaway strengthening mode for the past several months. In last couple of weeks the pair is trading in a range of 64.20 to 65.35. This trading range seems to be a continuation pattern. If the pair trades below 64.20 then we could see some major declines towards 63.00 - 63.10 levels. If USD INR declines it augurs well for Nifty as it can fuel rally in equity markets.

NIFTY DAILY



On the daily time frame the index does show some signs of fatigue but the overall trend remains intact to positive. The RSI hit the overbought zone and it has caused a pause in the momentum. There is a negative divergence between price and the oscillator but still there are no real sign of a reversal in the index as the underlying trend is still very strong. Now if it sustained below 9580 only then a profit booking could be seen towards 9532 while on the upside index needs to surpass 9635 zone to extend its up move towards 9700-9750 levels.

NIFTY WEEKLY



On the weekly scale the index witnessed a steady rally and has been making higher top - higher bottom formation. In this week Nifty remained in a range of 100 points and seems to be taking a pause after the swift rally in the previous week. The range for the week has shrunk as the index oscillates between 9550-9650. The overall trend on the weekly chart remains positive till it holds above previous swing high of 9500-9532 zones while on the upside follow up buying could extend its rally towards 9800 zones.

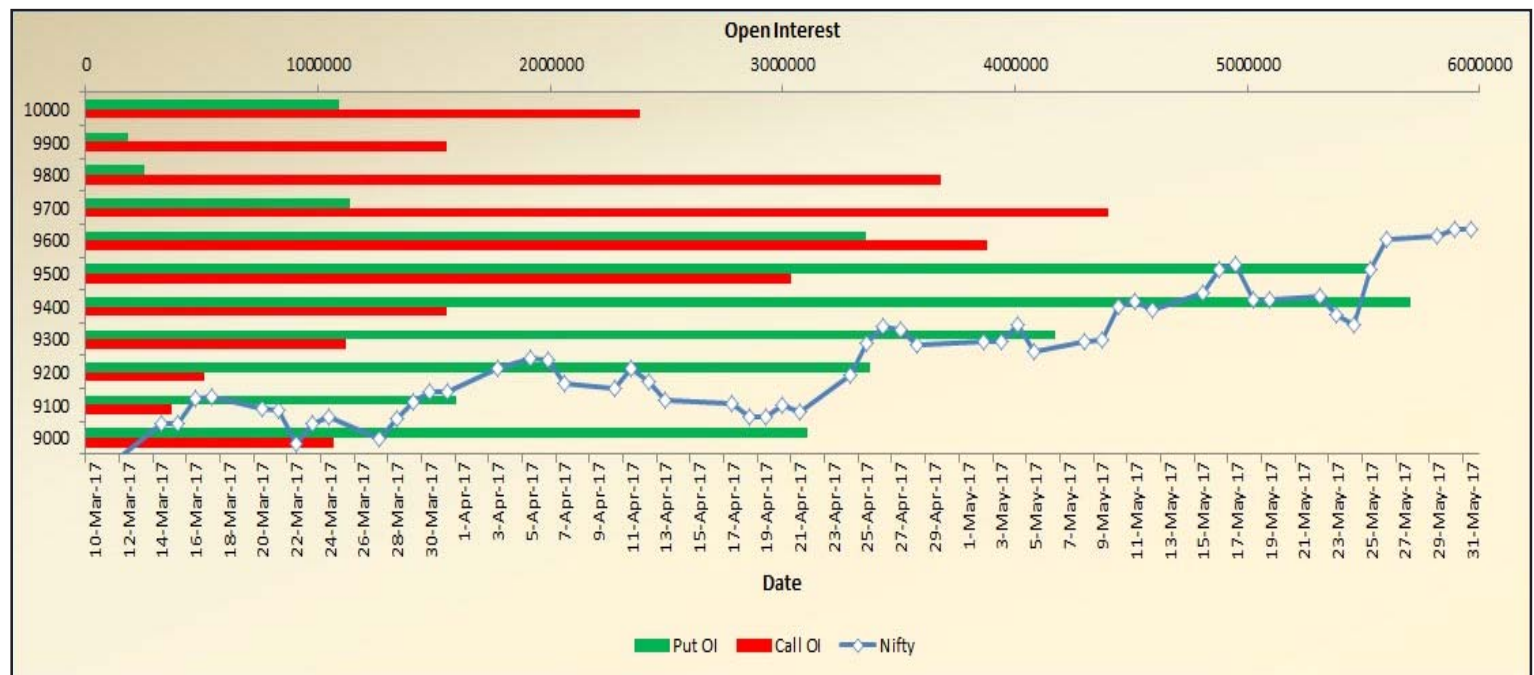
...NIFTY

NIFTY V/S INDIA VIX



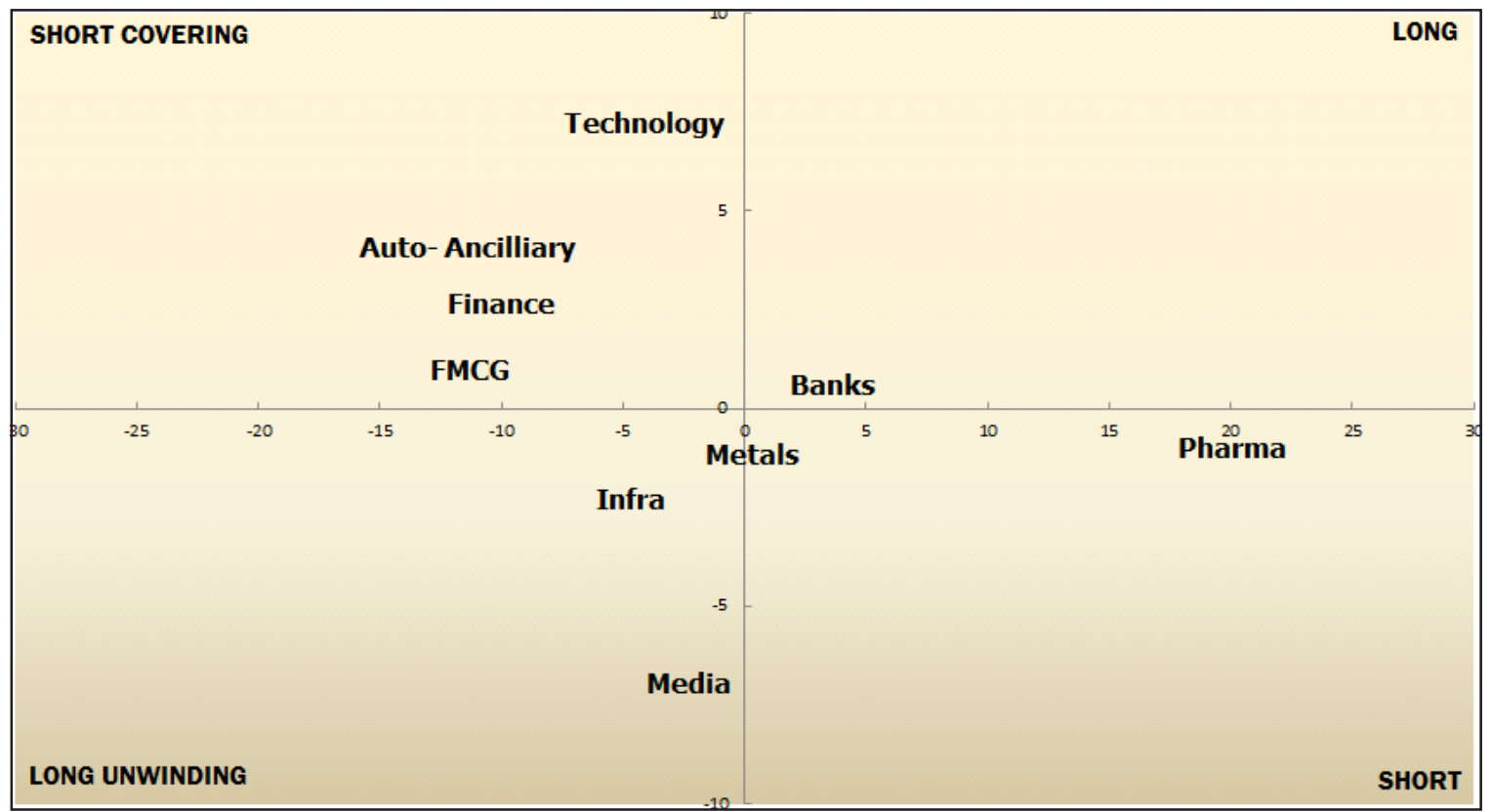
India VIX recorded a fresh low of the past 3 years while Nifty inched higher by ~16% in CY17. Lower VIX indicates "Risk-Off" situation. However any move beyond 12.50-13 could lead to acceleration in volatility. Thus it's imperative for a trader to hedge the position adequately in that situation.

NIFTY OI V/S PRICE



Nifty continued its uptrend in May series and gained 1.79% sequentially E-o-E. Volatility index remained at record low at 10.45% indicating risk-off. Option activity for June series suggests 9700 as immediate hurdle as depicted by highest Call congestion. Immediate vital support is placed at 9400 zone. PCR OI is near to 1.06 at the beginning of new series post moving higher to 1.41. Now an up move in PCR OI with decline in India VIX could continue it's up trend.

SECTOR ROTATION OI



Nifty witnessed higher rollover of 74.09% V/s 3 MA of 69%. Index gained 1.79% sequentially E-o-E. Bank Nifty witnessed below average rollover of 60.60% V/s 3 MA of 68%. Market-wide roll over were in line near to 80%. Overall long built up was witnessed in Banks and selective NBFC stocks, Short covering was seen in Auto and FMCG while short were seen in Pharma, Metals and Capital Goods stocks.

- **Auto:** Auto sector witnessed rollover of 82%. Long built-up in Escorts, while short covering in Heromotoco. M&M witnessed lower rolls in the entire Auto pack.
- **Cement:** Roll of 83%. Long liquidation in Ambujacem and ACC
- **Banks :** Lower roll of 60.60%. Long built up with positive price action in stocks like Federalbank and ICICI Bank, Short covering in HDFC Bank while shorts were added in Yes Bank. In PSU segment shorts added in Bank India and PNB.
- **Infra:** Rollover of 86% Long liquidation in IRB
- **Metal:** In line rollover at 82%. Long built up in Jindalstel, Short covering in Tatasteel while shorts added in Jswsteel and Hindalco
- **Pharma:** Rollover of 84%. Long in PEL, shorts in Glenmark, Biocon,
- **NBFC:** Better rollover of 81%. Longs in Lichsgfin while short covering in Ibulhsgfin. Fresh shorts in Srtransfin
- **OIL & Gas:** Rollover of 82%. Long liquidation in Gail while shorts added in ONGC
- **IT:** Rollover of 80%. Longs in Infy and NIIT Tech while shorts in KPIT
- **FMCG :** Long built up in Hindunilvr, Godrecp and Short covering in ITC and Pidilitind

STOCKS

SBI

BUY

- ✓ Managed to hold multiple supports at 280 zones
- ✓ Respected to its 50% retracement of the previous up swing from 241 to 315
- ✓ Double bottom on the daily chart as made two lows of 281 on 24th and 30th May
- ✓ Attractive risk reward ratio after the decline of 11% from recent swing high of 315

CMP : 287 Target : 303 Stop Loss : 280



Ultratech Cement

BUY

- ✓ Taken support at the rising trend line
- ✓ Major trend of the stock is up and recent decline provides a fresh buying opportunity
- ✓ It formed a Bullish Morning Star pattern on the daily chart
- ✓ Negated the lower top - lower bottom on the daily chart

CMP : 4198 Target : 4425 Stop Loss : 4085



IOC

SELL

- ✓ It is breaking down from a rounding top pattern.
- ✓ It broke below its support at 421 levels with a strong bearish candle
- ✓ The rising trend line is also violated with rising volume activities
- ✓ Negative sector outlook and recent underperformance suggests a negative sentiment

CMP : 414 Target : 390 Stop Loss : 425



OPTION STRATEGIES

VEDL

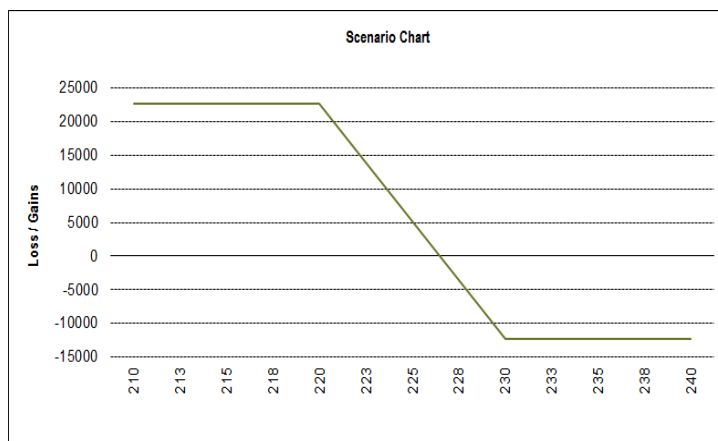
Bear Put Spread

- ✓ VEDL has failed to surpass its multiple hurdles of 248-250 zones and started to decline with built up of short positions.
- ✓ Highest call congestion is at 250 CE and fresh writing at 240 and 235 CE could restrict its upside
- ✓ Put unwinding in 230 and 225 strike could propel it towards 220
- ✓ Thus low risk Bear Put Spread is recommended

Target : INR 14000

Stop Loss : INR 7000

Buy 230 PE 1 lot; Sell 220 PE 1 lot



ARVIND

Call Ladder Spread

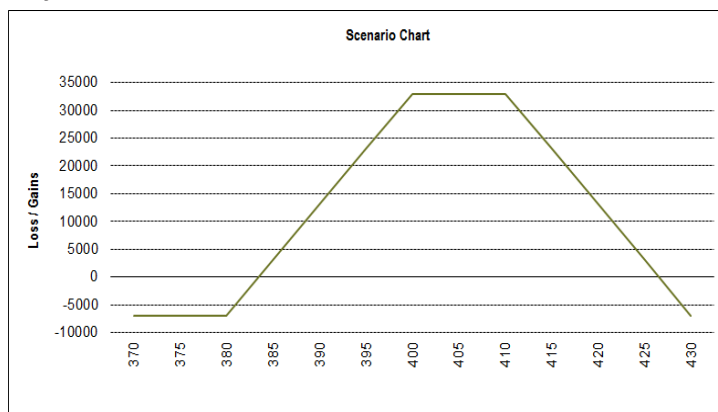
- ✓ Arvind has respected its rising support trend line and reversed its down move with the support of 365
- ✓ Highest Put congestion is at 370 & 380 PE could provide support
- ✓ Maximum Call OI is at 400 strike which could restrict its upside momentum.
- ✓ Thus low risk Call Ladder Spread is recommended

Target : INR 15000

Stop Loss : INR 5000

Hedge : Buy Future Above 425

Buy 380 CE 1 lot; Sell 400 CE 1 lot; Sell 410 CE 1 lot



Economic Events Calendar, June 2017

Upcoming Economic Events Calendar					
				1-Jun-17	2-Jun-17
India				Manufacturing PMI	
UK				Manufacturing PMI	
US				Non-farm Productivity, Initial Jobless Claims	Change in Privaste Pay Roll, Unemployment Rate
	5-Jun-17	6-Jun-17	7-Jun-17	8-Jun-17	9-Jun-17
India	Service and Composite PMI		RBI Rate decision		Trade Balance
UK					
US	Service PMI, Composite PMI, Factory Orders		MBA Mortgage Application	Initial Jobless Claims	
	12-Jun-17	13-Jun-17	14-Jun-17	15-Jun-17	16-Jun-17
India	CPI, IIP, Current Account Balance		WPI		
UK		CPI, Retail Price Index, House Price	Jobless Claims	BOE Bank Rate decision, BOE Asset Purchase and	
US			CPI, FOMC Rate decision	Initial Jobless Claims, Industrial Production	Housing Starts
	19-Jun-17	20-Jun-17	21-Jun-17	22-Jun-17	23-Jun-17
India					
UK					
US			Existing Home sales	Initial Jobless Claims	New Home sales
	26-Jun-17	27-Jun-17	28-Jun-17	29-Jun-17	30-Jun-17
India		Eight Infrastructure Index			Fiscal Deficit
UK					Quarterly GDP
US			Pending Home sales	Initial Job less Claims	

Note- CPI-Consumer Price Index, WPI-Wholesale Price Index, IIP- Index of Industrial Production, PMI-Purchasing Managers Index

Disclosures

This document has been prepared by Motilal Oswal Securities Limited (hereinafter referred to as Most) to provide information about the company(ies) and/sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies). This report is for personal information of the selected recipient/s and does not constitute to be any investment, legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and Motilal Oswal Securities Limited (hereinafter referred as MOST) is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur.

MOST and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group. We and our affiliates have investment banking and other business relationships with some companies covered by our Research Department. Our research professionals may provide input into our investment banking and other business selection processes. Investors should assume that MOST and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may educate investors on investments in such business. The research professionals responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting information. Our research professionals are paid on twin parameters of performance & profitability of MOST.

MOST generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, MOST generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing among other things, may give rise to real or potential conflicts of interest. MOST and its affiliated company(ies), their directors and employees and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the affiliates of MOST even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

Reports based on technical and derivative analysis center on studying charts company's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamental analysis. In addition MOST has different business segments / Divisions with independent research separated by Chinese walls catering to different set of customers having various objectives, risk profiles, investment horizon, etc, and therefore may at times have different contrary views on stocks sectors and markets.

Unauthorized disclosure, use, dissemination or copying (either whole or partial) of this information, is prohibited. The person accessing this information specifically agrees to exempt MOST or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOST or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOST or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. The information contained herein is based on publicly available data or other sources believed to be reliable. Any statements contained in this report attributed to a third party represent MOST's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. This Report is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. While we would endeavor to update the information herein on reasonable basis, MOST and/or its affiliates are under no obligation to update the information. Also there may be regulatory, compliance, or other reasons that may prevent MOST and/or its affiliates from doing so. MOST or any of its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. MOST or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

MOST and its associates may have managed or co-managed public offering of securities, may have received compensation for investment banking or merchant banking or brokerage services, may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

MOST and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.

Subject Company may have been a client of MOST or its associates during twelve months preceding the date of distribution of the research report

MOST and/or its affiliates and/or employees may have interests/positions, financial or otherwise of over 1 % at the end of the month immediately preceding the date of publication of the research in the securities mentioned in this report. To enhance transparency, MOST has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

Motilal Oswal Securities Limited is registered as a Research Analyst under SEBI (Research Analyst) Regulations, 2014. SEBI Reg. No. INH000000412

Pending Regulatory inspections against Motilal Oswal Securities Limited:

SEBI pursuant to a complaint from client Shri C.R. Mohanraj alleging unauthorized trading, issued a letter dated 29th April 2014 to MOSL notifying appointment of an Adjudicating Officer as per SEBI regulations to hold inquiry and adjudicate violation of SEBI Regulations; MOSL replied to the Show Cause Notice whereby SEBI granted us an opportunity of Inspection of Documents. Since all the documents requested by us were not covered we have requested to SEBI vide our letter dated June 23, 2015 to provide pending list of documents for inspection.

List of associate companies of Motilal Oswal Securities Limited -Click here to access detailed report

A graph of daily closing g prices of securities is available at www.nseindia.com and <http://economictimes.indiatimes.com/markets/stocks/stock-quotes>.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The research analysts, strategists, or research associates principally responsible for preparation of MOST research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues

Disclosure of Interest Statement

1. Analyst ownership of the stock	No
2. Served as an officer, director or employee	No

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOST & its group companies to registration or licensing requirements within such jurisdictions.



Motilal Oswal Securities Ltd

Motilal Oswal Tower, Sayani Road, Prabhadevi, Mumbai 400 025
Phone: (91-22) 30894200 Fax: (91-22) 22885038. E-mail: info@motilaloswal.com