

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

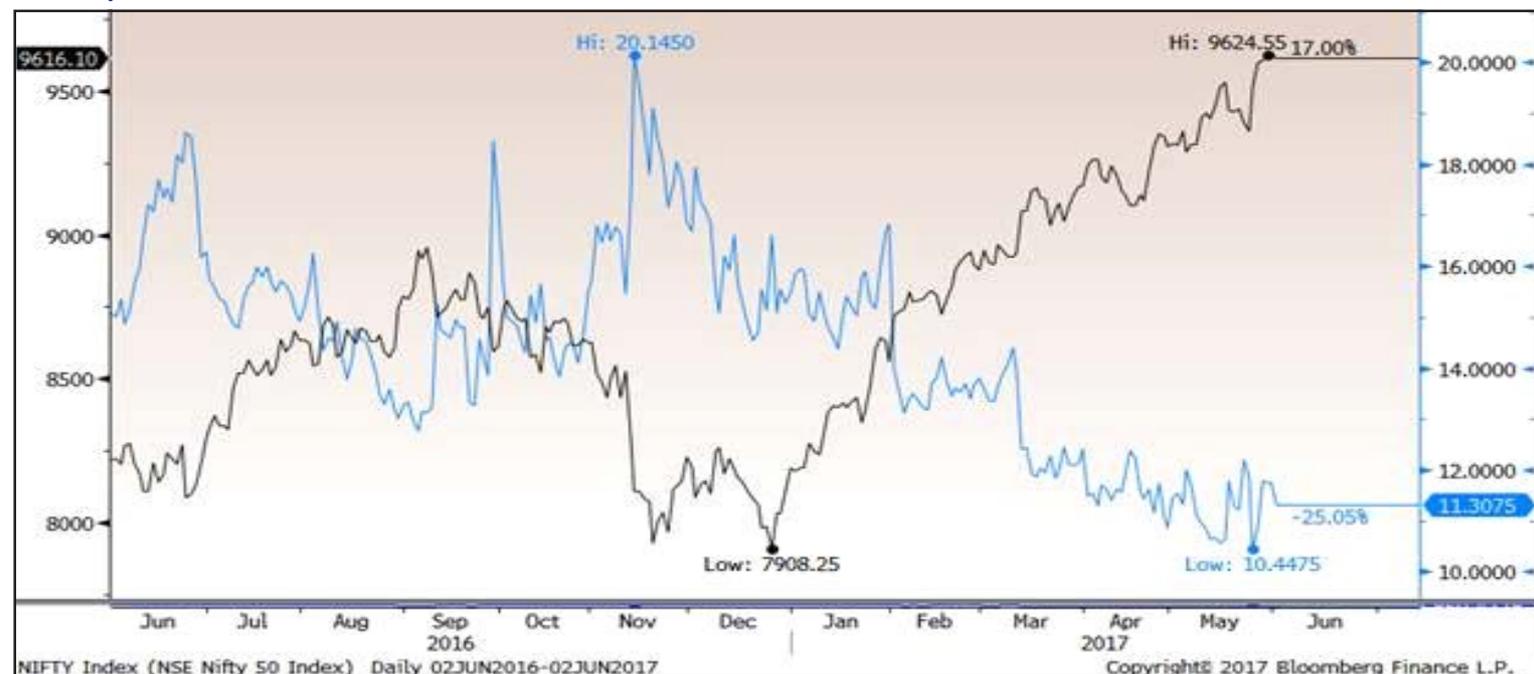
**Dharmesh Kant**  
**Head - Retail Research**

**Chandan Taparia**  
**Derivatives & Technical Analyst**



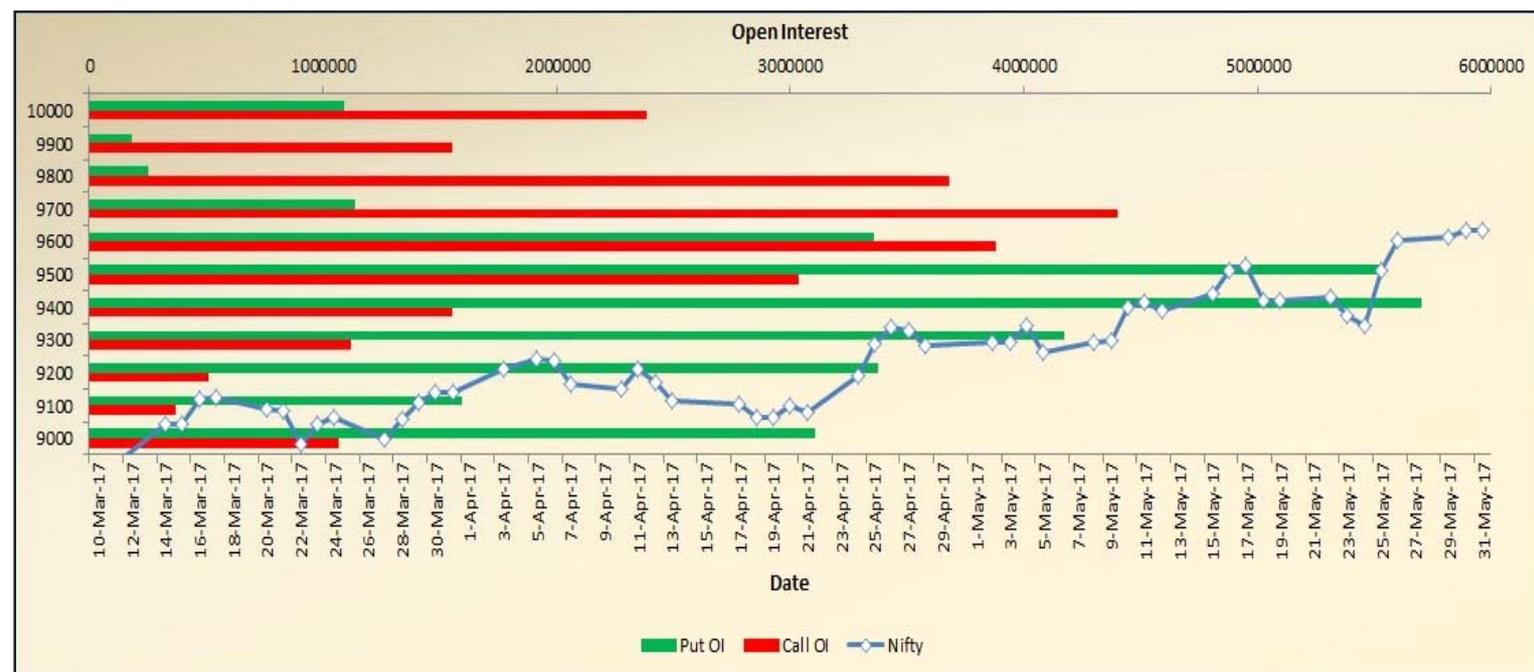
### ...NIFTY

#### NIFTY V/S INDIA VIX



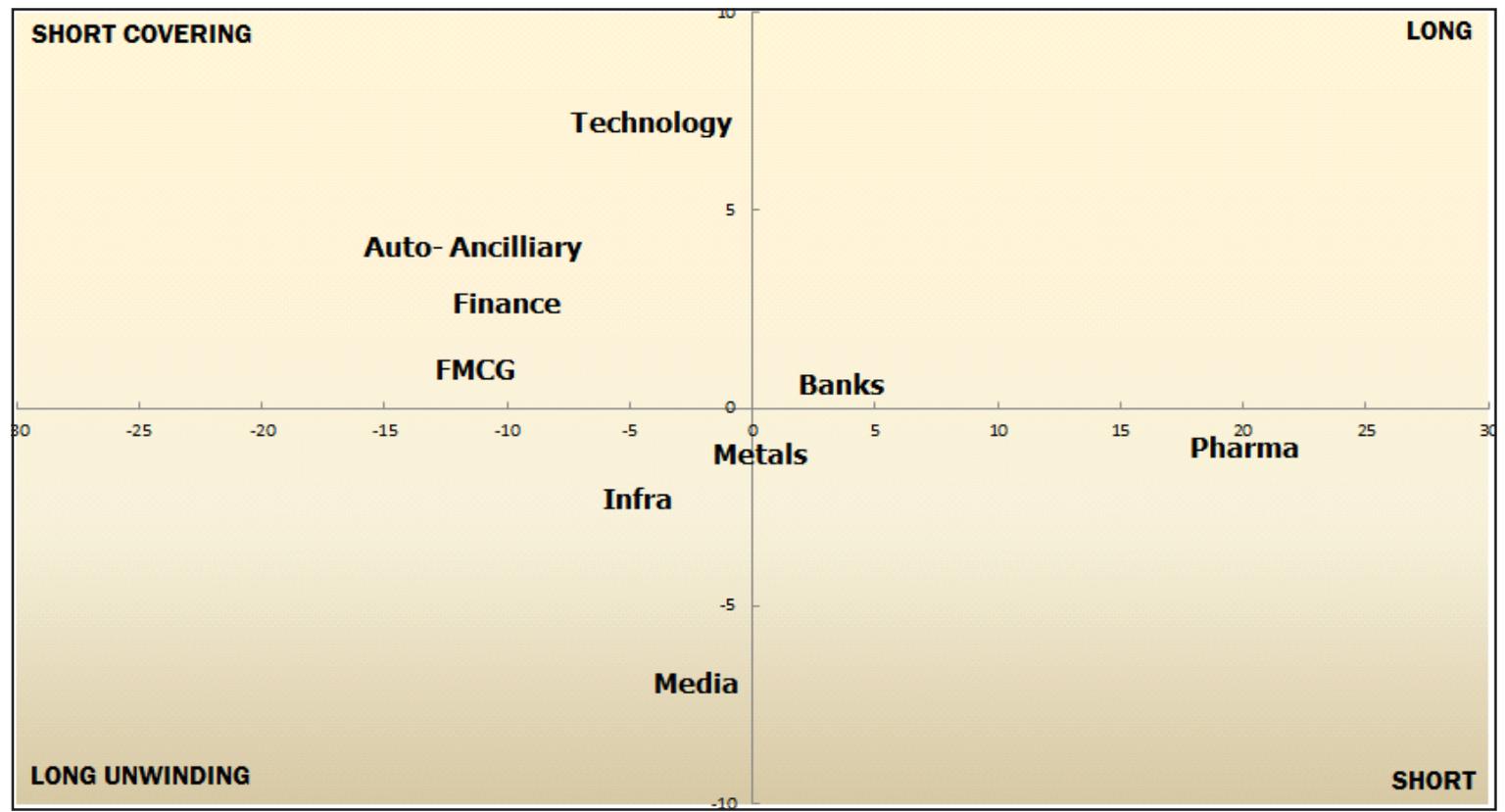
India VIX recorded a fresh low of the past 3 years while Nifty inched higher by ~16% in CY17. Lower VIX indicates "Risk-Off" situation. However any move beyond 12.50-13 could lead to acceleration in volatility. Thus it's imperative for a trader to hedge the position adequately in that situation.

#### 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

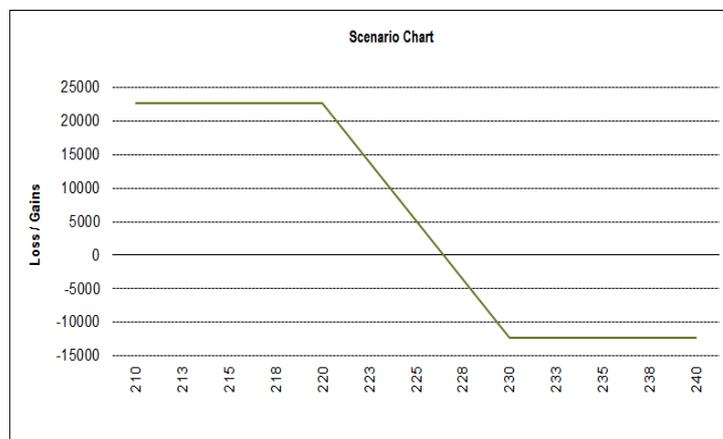
#### Bear Put Spread

- ✓ 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

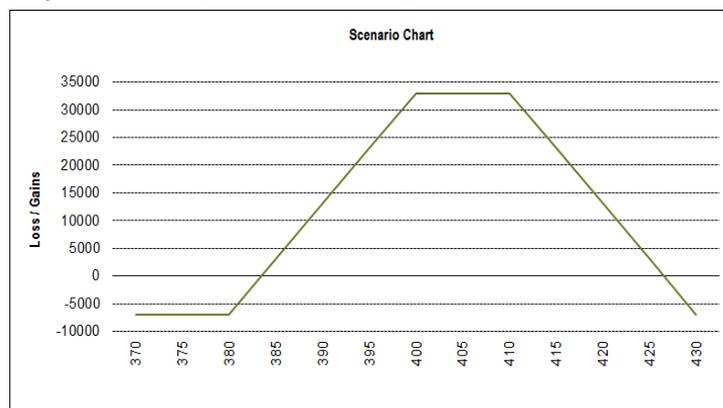
- ✓ Arvind has respected its rising support trend line and reversed its down move with the support of 365
- ✓ Highest Put congestion is at 370 & 380 PE could provide support
- ✓ Maximum Call OI is at 400 strike which could restrict its upside momentum.
- ✓ Thus low risk Call Ladder Spread is recommended

**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

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### Motilal Oswal Securities Ltd

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