

MOST Market Outlook

21st January 2020

Nifty Chart



Trading Idea - Cash & Future

Scrip	RECO	CMP	SL	TARGET
ASIAN PAINTS	Buy	1848	1815	1915

Duration : 2-3 Days

Security in Ban period:

Yes Bank

Nifty Outlook

Index	CMP	R1	R2	S1	S2
NIFTY	12,225	12,330	12,400	12,150	12,050
BANKNIFTY	31,081	31,500	31,750	30,800	30,500

Nifty index opened at new all-time high of 12430; but it failed to sustain at higher levels and started correcting right from the 'word go'. Nifty formed a big red body candle on daily chart and engulfed the entire trading range of last five trading sessions. The profit booking started from its strong hurdle of Rising Trendline on weekly chart, which also coincides with the 100% extension level of previous up move on daily chart. Looking at current chart structure, we may see further correction in Nifty towards its next support of 12150 and 12050 levels. Now, immediate resistance for Nifty is shifting lower to 12330 levels; while major resistance is placed in the zone of 12400 - 12450.

Sectoral Outlook

Sector	Outlook
FMCG	Positive
AUTO	Positive

Currency (USDINR) Outlook

USDINR	S1	S2	R1	R2
71.18	70.95	70.80	71.25	71.45

The pair looks likely to trade in a range between 70.95-71.25 levels.

Trading Idea - Derivatives

STRATEGY : NIFTY : BULL CALL LADDER SPREAD

Instrument	Reco	Lot	Reco Price	CMP
12400 CE	Buy	1	82	39.6
12500 CE	Sell	1	41	18.2
12600 CE	Sell	1	18	7.9

Market Drivers

Indian equity indices Nifty and Sensex corrected sharply on Monday due to weak quarter earnings by selective heavyweights stocks and closed in negative territory. BankNifty continued its underperformed and declined towards 31000 zones as selling pressure was seen in Private banks. On broader front, Midcap and Smallcap Indices failed to hold its positive momentum and ended marginally lower while VIX spike nearly 10% . On sectorial front, selling was seen in Metals, Financials, Technology counters while selective FMCG stocks ended in positive territory. On global front, European indices ended lower while Asian market trading in negative territory. On domestic front, market likely to witness volatile swings due to ongoing result season while upcoming budget likely to act as a major trigger going ahead.

Highest Call OI

Instrument	Strike	OI	Chg in OI
Nifty 30-Jan	12500	3165075	341325
Bank Nifty 30- Jan	32000	567580	120880
Nifty 23-Jan	12400	2919675	982800
Bank Nifty 23- Jan	32000	1234560	505140

Highest Put OI

Instrument	Strike	OI	Chg in OI
Nifty 30-Jan	12000	3392025	-321450
Bank Nifty 30- Jan	31000	529480	25340
Nifty 23-Jan	12300	1481550	-495150
Bank Nifty 23- Jan	31000	536840	-24740

Trading Calls

Asian Paints

BUY CMP: 1848 Target : 1915 SL : 1815
(Duration : 2-3 Days)



- Asian Paints is moving in a strong uptrend and registered a new all-time high in yesterday's session. The stock came out from its consolidation phase of last four months and sustaining well above the breakout level. The momentum oscillator RSI is also moving northward on daily and weekly scale and thus indicating strength in the counter.
- Looking at overall chart structure, we are advising traders to buy the stock for an up move towards 1915 levels with a stop-loss of 1815.

FII & DII Cash Activity (INR in Cr)

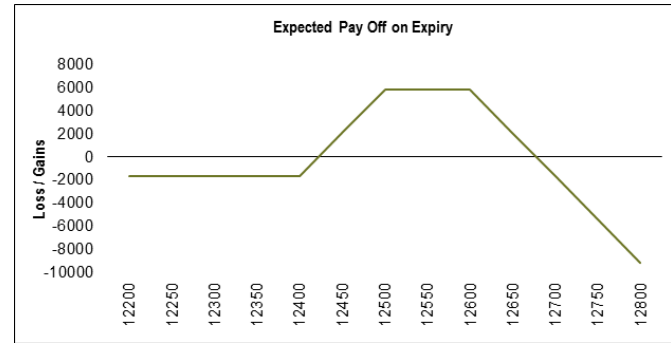
Cat.	20th Jan	17th Jan	16th Jan
FII	6	264	-395
DII	-1420	-500	-185

Derivatives Idea

NIFTY

Bull Call Ladder Spread

BUY 1 LOT OF 12400 CALL @ 82; SELL 1 LOT OF 12500 CALL @ 41
SELL 1 LOT OF 12600 CALL @ 18



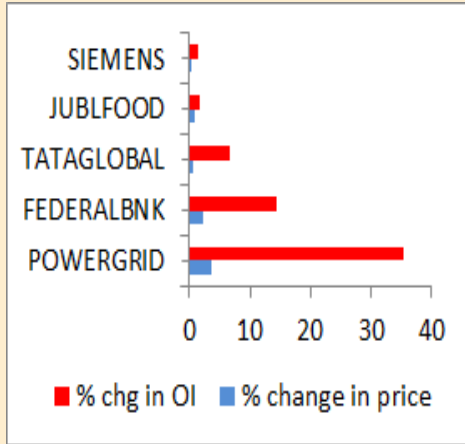
NET PREMIUM PAID : 23 POINTS
RISK SCENARIO 1 : 23 POINTS IF IT REMAINS LOWER
RISK SCENARIO 2 : UNLIMITD RISK IF IT EXPIRES ABOVE 12677 (KEEP SL ABOVE 12700)
MAX PROFIT : 67 POINTS IF IT EXPIRES IN BETWEEN 12500 TO 12600 zones
OVERALL PROFIT IF IT EXPIRES IN BETWEEN 12423 TO 12677

- Nifty overall trend is positive and declines are being bought but multiple hurdles intact at higher zones
- Call Writing is seen at 12500 and 12400 strike could restrict its upside move
- Put writing is seen at 12000 and 12200 strike which could hold it on decline

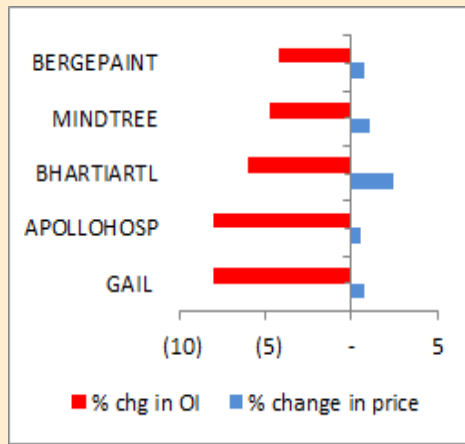
FII F&O (INR in Cr)

Institution	Net B/S	OI
INDEX FUTURES	134.45	Both Longs & Shorts
INDEX OPTIONS	271.33	Put buying and Call writing
STOCK FUTURES	-646.84	Long unwinding and Short built up

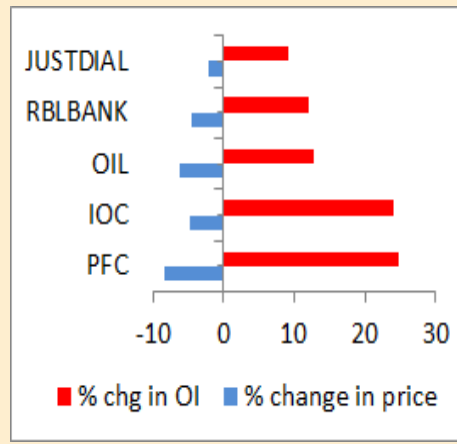
Long Built-up (OI ▲ Price ▲)



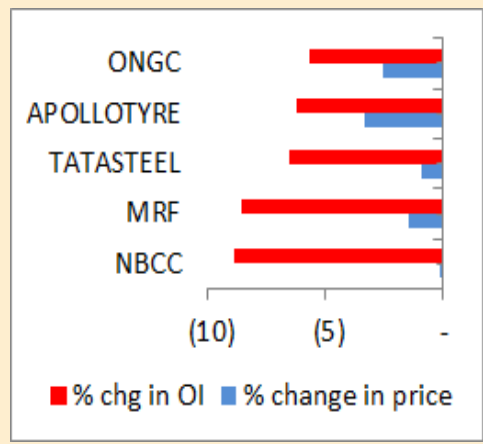
Short Covering (OI ▼ Price ▲)



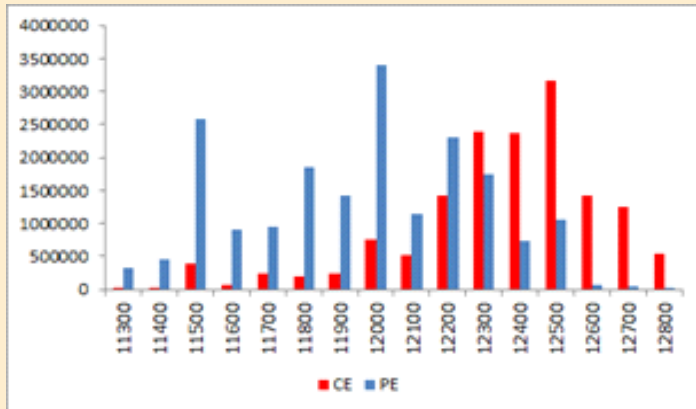
Short Built-up (OI ▲ Price ▼)



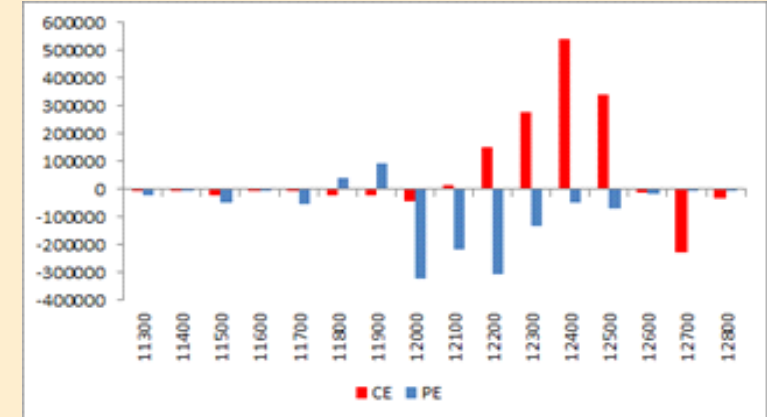
Long Unwinding (OI ▼ Price ▼)



Nifty Option OI



1- Day change in Nifty OI



Research Notes

Morning Meet Notes

Kotak Mahindra Bank: Loan growth moderates reflecting weak macro

CMP INR1618, TP INR1625, Neutral)

- Standalone PAT increased 24% YoY to ~due to higher provisions of INR4.4b (our estimate: INR3.8b).
- NII grew ~17% YoY to INR34.3b (2% miss), impacted by moderate loan growth; C/I ratio came in at 49.9% v/s 45.2% in 2Q.
- Loan book grew ~10% YoY to INR2.2t,
- Asset quality deteriorated, with GNPL/NNPL increasing by ~8%/6% QoQ led by a few corporate chunky accounts
- Corporate banking slowdown was led by under-utilization of loan limits by better-rated corporates as they preferred CP markets
- We marginally cut our loan growth assumption and estimate KMB to deliver 14%/24% loan book/PAT CAGR over FY19-22
- Maintain Neutral with a TP of INR1,625 (3.8x Sep21E ABV + INR494 for subs) as we roll forward our estimates to Sep'21.

L&T Financial Holdings: Focus on balance sheet quality with healthy RoE of 16-17%

(CMP INR118, TP INR145, 23% Upside, Buy)

- Loan book grew 5% YoY to INR994b
- Cost of funds was largely stable at 8.5%.
- LTFH remains cautious in LAP (disbursement down 47% YoY to INR1.5b). In builder loans too, disbursements have moderated; Disbursements in microfinance have been range-bound at INR25-28b for the past eight quarters, while those in 2W and tractors picked up sharply on a QoQ basis due to the festival season
- LTFH provided INR1.12b of the INR1.3b 30dpd+ MFI portfolio in Assam.
- LTFH has reported a healthy operating performance and asset quality, despite the tough liquidity situation. It continued to 'retailize' the loan book while running down the de-focused segments. The scale-up of the new consumer lending product will be closely monitored. Although the asset quality performance has been healthy even amidst the tough economic scenario, it should be keenly monitored. We cut our estimate by 2-4%. Maintain Buy with a target price of INR145 (1.5x Dec'21E BVPS).

Currency Ideas

USDINR



- The pair is likely to trade in a range between support at 70.90 and resistance at 71.25 zone for the short-term.
- Lower support is at 70.75 while higher resistance is at 71.40 mark.

GBPINR



- GBPINR is likely to trade negatively below resistance at 93.20 and current slide could extend lower towards 92-91.90 zone.
- Selling on rallies is advised.

Siddhartha Khemka **Head - Retail Research**

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