

## From Research Desk

16, August 2023

### Equity Corner:

- Nifty 50 index:** The index opened on a negative note as indicated by weak global cues. During the opening hours; heavy selling pressure led the index go below the support level of 19,300. However; no further selling was seen as the index recovered 200 points from the lower levels supported by heavyweights such as RELIANCE (+1.02%), INFY (+1.54%) and ICICIBANK (+0.65%). As the session progressed; profit booking was seen towards the closing bell which led the session close on a flat note with a gain of 06 (+0.03%) points.
- Bank Nifty:** The banking index continued it's underperformance as further selling pressure in SBIN (-2.29%), BANKBARODA (-2.21%) and HDFCBANK (-0.64%) led the index close on a negative note with a loss of -108 (-0.24%) points.
- Market breadth:** The market breadth was negative; indicating overall weakness in stock price during the session.
- Sectorial performance:** Majority of the sectors were weak such as METAL (-2.14%), AUTO (-0.33%) and PSUBANK (-0.71%) exception being; IT (+0.68%) & FMCG (+0.49%).
- Nifty Midcaps:** The midcaps showed signs of weakness as selling in SAIL (-4.34%), DALBHARAT (-4.18%) and BHARATFORG (-2.20%) led the index close negative - 0.17%.
- Advance/Decline Ratio:** Advance/Decline ratio at close for NSE stood at 755/1313 indicating a lower number of advancing stocks compared to declining ones.
- FII and DII Activity:** FIIs were net sellers in cash segment of around Rs. 2324 crores while DIIs bought around Rs. 1460 crores.

### Derivative corner:

- Nifty OI Put/Call ratio has gone up from 0.90 to 1.00 levels.
- Options data:** The maximum Call OI is seen at 19,500 and 19,600 while maximum Put OI is seen at 19,300 and 19,400. This indicates that the market is expecting a trading range of 19,300 to 19,600 zones.
- FII Activity in Derivatives:** Further short built-up is seen in index futures. On options buying front; there are more put buyers and on option writing front; net call-put writing is liquidation call writers. FII Long/Short ratio in index futures has come down from 40% to 39% indicating addition of more short contracts.

### Take on Market: Buy Corrections, stay put on Longs.

- Earnings:** Q1FY24 earnings update by corporates have largely been in line with expectation. Pharmaceuticals, FMEG, FMCG, Cement, Automobiles, Auto-ancillary all delivered good set of numbers. Management commentary across sectors were largely bullish, having an expectation of high teen growth in FY'24; the only sore point being IT. Financials have been an all-round beat. Fundamentally, from long term perspective economy is building on strong demand traction.
- Market Outlook:** The current strategy is to buy on corrections and hold onto long positions. However, present volatility may extend to couple of weeks. Probability, of deep cuts on Nifty 50 index is high.
- Relative Outperformance:** The medium-term relative outperformance of Indian markets compared to global peers is likely to continue.

Indices	Close	Previous	Chg. %
Sensex	65,401.9	65,322.7	0.12%
Nifty	19,434.6	19,428.3	0.03%
BANK Nifty	44,091.0	44,199.1	-0.24%
DJIA (Dow)	34,946.4	35,307.6	-1.02%
NASDAQ	13,631.1	13,788.3	-1.14%
S&P 500	4,437.9	4,489.7	-1.16%
DAX	15,767.3	15,904.3	-0.86%
CAC 40	7,267.7	7,348.8	-1.10%

Sector Index	Close	Previous close	Change %
PSU Bank	4,523.5	4,555.8	-0.71%
Nifty IT	31,028.9	30,819.2	0.68%
Nifty FMCG	51,604.4	51,351.7	0.49%
Nifty Pharma	15,305.4	15,355.5	-0.33%
Nifty Energy	26,375.6	26,367.8	0.03%
Nifty Metal	6,546.0	6,688.9	-2.14%
Nifty Commodity	6,216.6	6,286.2	-1.11%
Nifty PSE	5,415.7	5,432.9	-0.32%

Bond Yields	Percentage
US 10 year	4.20%
US 2 year	4.93%
India 10 year	7.21%

FII Flows (Cash market - In Crores)		
Current	MTD	YTD
-2,324.23	4916.07	146241.53

Top 8 Nifty Gainers	Chg. %	Top 8 Nifty Losers	hg. %
DIVISLAB	1.78	ADANIENIT	-92.55
INFY	1.54	JSWSTEEL	-22.50
LTIM	1.46	HINDALCO	-10.60
HINDUNILVR	1.25	SBIN	-13.15
RELIANCE	1.02	ADANI PORTS	-17.05
TATACONSUM	0.97	TATASTEEL	-2.45
LT	0.74	BAJAJFINSV	-26.00
ICICIBANK	0.65	APOLLOHOSP	-84.15

Currencies	D/D	MTD	YTD
DXY	0.03%	1.31%	-1.24%
INR	0.05%	1.18%	0.56%

Participant wise Open Interest	14/08/2023	11/08/2023	14/08/2023	11/08/2023
<b>Client Type</b>	<b>Net Position Index Futures</b>	<b>Net Position Index Futures</b>	<b>Net Position Stock Futures</b>	<b>Net Position Stock Futures</b>
FII	-42,127	-36,290	-83,366	-67,229
Pro	2,487	7,915	2,79,927	2,75,005

  

Participant wise Open Interest	14/08/2023	11/08/2023	14/08/2023	11/08/2023
<b>Client Type</b>	<b>Net Position Long Call - Put</b>	<b>Net Position Long Call - Put</b>	<b>Net Position Short Call - Put</b>	<b>Net Position Short Call - Put</b>
FII	-28,402	44,854	12,857	1,64,509
Pro	45,918	15,327	2,14,459	4,34,860

Commodity Corner	Currency/Per Unit	Price	Week on Week	MTD	YTD
Copper	USD/Lbs	3.6633	-2.79%	-6.48%	-2.83%
Aluminium	USD/T	2144	-2.57%	-3.92%	-7.23%
Zinc	USD/T	2309	-5.99%	-7.60%	-23.11%
Tin	USD/T	25325	-8.76%	-12.70%	1.20%
Rubber	USD Cents/Kg	126.8	-1.78%	-3.28%	-4.30%
Coal	USD/T	147.15	4.29%	9.81%	-62.49%
Steel	CNY/T	3704	2.43%	-1.57%	-7.69%
Gold	USD/t.Oz	1904.22	-0.56%	-2.79%	4.28%
Crude Oil	USD/Bbl	80.872	-4.18%	0.36%	4.58%
<b>Agriculture</b>					
Cotton	USD/Lbs	86.2	0.02%	1.34%	3.76%
Wheat	USD/Bu	598.12	-5.80%	-15.07%	-23.01%
Rice	USD/cwt	15.59	-2.99%	-0.22%	-15.29%
Sugar	USD/Lbs	23.77	1.36%	-0.63%	20.64%

## What's in the news !

▲ Positive    ■ Neutral    ▼ Negative

**CPI Inflation at 7.44% Y/Y:** Macroeconomic indicators for July delivered a double whammy on Monday, with retail inflation galloping to a 15-month high on the back of skyrocketing vegetable prices and the value of merchandise exports falling to a nine-month low amid tepid global demand. The CPI based inflation rate jumped to 7.44 per cent year-on-year (Y-o-Y) in July from 4.87 per cent in the preceding month. Prices of vegetables, led by tomatoes, shot up 37.3 per cent annually in July, while pulses, cereals, and spices witnessed double-digit inflation rates.

**WPI Inflation rises:** India's wholesale prices remained in the deflationary zone for the fourth month in a row in July, data released on August 14 by the commerce ministry showed, although the Wholesale Price Index (WPI) inflation rose to a three-month high of -1.36 percent on a mammoth rise in vegetable prices. WPI inflation stood at -4.12 percent in June, which was the lowest in more than seven-and-a-half years. To put the month-on-month increase in the vegetable index in perspective, the all-commodity index of the WPI rose 1.95 percent in July while the food index was up 7.13 percent

**Trade Data:** Separately, trade data released by the commerce ministry showed merchandise exports contracted for a sixth consecutive month in July, by 15.9 per cent Y-o-Y to \$32.25 billion. Due to a global slowdown and a fall in shipments of key sectors like petroleum, gems and jewellery. Imports during the month also declined by 17 per cent, the eighth month in a row, to USD 52.92 billion from USD 63.77 billion in July 2022. This led to a narrowing of the trade deficit to USD 20.67 billion against USD 25.43 billion in July 2022. Russia has become India's second-largest import source during the first four months of this fiscal. The imports were USD 10.42 billion in April-July 2022. From a market share of less than 1 per cent in India's import basket before the start of the Russia-Ukraine conflict, Russia's share of India's oil imports rose to over 40 per cent.

**Infosys has bagged a \$1.6 billion deal from Liberty Global** to build and scale the entertainment and connectivity platforms of the digital communications firm, the Indian IT services player said on August 15 while announcing its third mega agreement this year. We are excited to bring Infosys Topaz to enable transformative AI-first capabilities to complement the cloud-first digital foundation we have laid for Liberty Global using Infosys Cobalt. The agreement has an initial tenure of five years that can be extended to eight years, which would take the deal value to \$2.5 billion.

**Lupin:** Global pharma major Lupin Limited (Lupin) announced that it has received approval from the United States Food and Drug Administration (U.S. FDA) for its Abbreviated New Drug Application for Doxycycline Hyclate Delayed-Release Tablets USP, 50 mg, 60 mg, 75 mg, 80 mg, 100 mg, 120 mg, 150 mg, and 200 mg, to market a generic equivalent of Doryx® Delayed-Release Tablets, 50 mg, 75 mg, 80 mg, 100 mg, 150 mg, and 200 mg and Doryx® MPC DelayedRelease Tablets, 60 mg and 120 mg, of Mayne Pharma International Pty. Ltd. This product will be manufactured at Lupin's Pithampur facility in India.

### Open Fundamental Calls (12 months)

Company Name	Entry Price*	Target	M to M	Potential return
Muthoot Finance	1091	1550	18%	21%
Maruti Suzuki	8641	10629	8%	14%
Eicher Motors	3161	4375	6%	31%

## From Technical Analyst's Desk

### NIFTY (19,435)

Support - 19,250  
Resistance - 19,650

• Nifty closed flat and is expected to consolidate between 19,250 - 19,650.

Recommendation	Trigger level	Target	Stoploss
Nifty Futures	Buy above 19,500	20,000	19,350

### BANK NIFTY (44,091)

Support - 43,500  
Resistance - 45,000

• BankNifty closed negative for the day and is expected to consolidate between 43,500 - 45,000.

Recommendation	Trigger level	Target	Stoploss
Bank Nifty Futures	Buy above 44,300	45,200	44,000

### Options recommendation

Stock/Index	Recommendation	Type	Strike	Expiry	Premium	Target	Stop loss
INFY	Buy	Call	1,650	31Aug, 2023	16.50	30.00	10.00
RELIANCE	Buy	Put	2,560	31Aug, 2023	32.00	10.00	42.00

### Top Pick for the day

Company Name	Entry Price*	Target	Stop Loss	M to M	Potential Return
Hindustan Aeronautics	3852	3970	3795	1%	2%

### Positional Calls (15 days)

Company Name	Entry Price*	Target	Stop Loss	M to M	Potential Return
LTIMindtree	5180	5440	5050	0%	5%
Sun Pharmaceuticals	1139	1170	1123.5	0%	3%
Polycab	4743	4970	4630	0%	5%
Bharat Forge	912	996	870	4%	5%
Cipla	1262	1395	1195	-2%	13%
Berger Paints	700	750	675	0%	7%
Exide Industries	259	287	245	2%	8%
Piramal Enterprises	1035	1150	980	-1%	12%
Titan	3020	3180	2940	0%	6%
Mahindra & Mahindra	1515	1650	1450	2%	7%
Bharat Electronics	132.6	140	129	-2%	7%
TCS	3471	3600	3407	-1%	4%
HDFC AMC	2510	2640	2445	-1%	6%
SBI Life Insurance Company	1300	1400	1249	0%	8%
Shriram Finance	1870	2030	1790	-3%	12%
Escorts	2600	2740	2530	0%	6%
Reliance	2545	2675	2480	1%	4%

## Pivot Table - NIFTY 50

### Trading Guideline

- ❖ This model is based on the premise that the PIVOT is the most important price level that decides the intraday trend. Much like how the door or a window hangs by a hinge and sways in the wind, the intraday trend also hangs by this PIVOT LEVEL and swings because of the Demand supply, volatility and market sentiments prevailing in the market. Hence its importance in intraday trading.
- ❖ Wait for the market price to stabilize after opening the first 30 minutes of trading.
- ❖ Opening Price is considered around the close of the Previousday. Avoid BUYING if prices open abnormally high and avoid selling if prices open too low.
- ❖ If the market price is stable above the pivot level after 20-30 minutes of opening, then GO LONG and book profit near the resistant level (R1 & R2).
- ❖ If the market price is stable below the pivot level after 20-30 minutes of opening, then GO SHORT and book profit near the support level (S1 & S2)

### Stop Loss

Since you are aware of the 'potential returns at the time of initiating an intraday trade (difference between the entry price and profit targets), you should set up an appropriate STOP LOSS around 1% above / below of the trade price or a level comfortable to you, to protect yourself if the market turns and goes against you.

### Alternate Strategy

If you have already initiated a trade with clear-cut profit targets and a stop loss level, and find during the course of the trading day that the market turns and goes the other way and crosses the TREND LEVEL, then trade again: For instance, if your first trade was a LONG trade and the market price drops through the TREND LEVEL to lower price levels, then GO SHORT and if your first trade was a SHORT trade and the market price rises through the TREND LEVEL to higher price levels, then GO LONG.

S1, S2 are the immediate support levels.

R1, R2 are the immediate resistance levels.

	S1	S2	PIVOT	R1	R2
ADANIEN	2497	2406	2491	2582	2576
ADANIPTS	790	769	792	813	815
APOLLOHSP	4807	4670	4867	5005	5065
ASIANPAINT	3157	3126	3183	3214	3241
AXISBANK	930	922	937	944	951
BAJAJ-AUTO	4553	4501	4593	4645	4686
BAJAJFINSV	1489	1462	1493	1519	1524
BAJFINANCE	7001	6912	7030	7120	7149
BHARTIARTL	864	854	867	877	880
BPCL	354	349	356	361	364
BRITANNIA	4475	4430	4500	4545	4570
CIPLA	1240	1226	1246	1260	1266
COALINDIA	232	229	234	238	240
DIVISLAB	3606	3531	3677	3752	3823
DRREDDY	5784	5752	5831	5863	5910
EICHERMOT	3346	3274	3359	3432	3445
GRASIM	1807	1780	1821	1848	1862
HCLTECH	1160	1145	1168	1183	1191
HDFC	1611	1598	1613	1626	1628
HDFCBANK	627	620	633	640	645
HDFCLIFE	2962	2921	2993	3035	3066
HEROMOTOCO	457	447	458	468	469
HINDALCO	2476	2456	2508	2528	2560
HINDUNILVR	944	937	954	961	971
ICICIBANK	1388	1374	1393	1406	1411
INDUSINDBK	1357	1347	1376	1387	1405
INFY	446	442	448	452	455
ITC	810	791	812	831	834
JSWSTEEL	1783	1775	1793	1800	1810
KOTAKBANK	2615	2592	2639	2662	2687
LT	5038	4982	5121	5177	5260
M&M	1533	1515	1542	1560	1569
MARUTI	9304	9228	9334	9410	9440
NESTLEIND	21677	21528	21859	22008	22189
NTPC	212	211	213	214	215
ONGC	176	175	178	179	181
POWERGRID	242	239	244	247	248
RELIANCE	2519	2493	2550	2576	2608
SBILIFE	1300	1284	1308	1324	1332
SBIN	567	556	570	581	584
SUNPHARMA	1122	1110	1132	1143	1153
TATACONSUM	829	821	837	845	854
TATAMOTORS	603	590	608	621	625
TATASTEEL	119	117	120	122	123
TCS	3427	3397	3441	3471	3485
TECHM	1211	1198	1216	1230	1234
TITAN	3001	2979	3011	3033	3043
ULTRACEMCO	8071	7983	8107	8195	8230
UPL	592	582	596	607	611
WIPRO	410	406	413	416	420

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