

Morning Call

07 October 2021

Indices	Close	Previous	Chg. %
Sensex Index	59,190	59,745	-0.93%
Nifty Index	17,646	17,822	-0.99%
NSEBANK INDEX	37,522	37,741	-0.58%
NSEAUTO INDEX	10,568	10,692	-1.16%
NSEIT INDEX	35,076	35,544	-1.32%

Market depth	Advance	Decline	T/O(bn)
NSE	723	1,328	760
BSE	1,404	1,892	59

Indices	Close	Previous	Chg. %
DJIA	34,417	34,315	0.30%
NASDAQ	14,502	14,434	0.47%
S&P 500	4,364	4,346	0.41%
DAX	14,973	15,194	-1.46%
CAC 40	6,493	6,576	-1.26%
FTSE 100	6,996	7,077	-1.15%
HANG SENG	23,966	24,104	-0.57%
SSE INDEX	3,568	3,536	0.90%
NIKKIE 225	27,529	27,822	-1.05%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
TATACONSUM	2.5	HINDALCO	-4.1
ONGC	2.2	SBILIFE	-3.6
UPL	1.7	INDUSINDBK	-3.4
BRITANNIA	1.3	TATASTEEL	-3.3
HDFCBANK	1.1	JSWSTEEL	-3.2

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	56.7	59.2	-2.4
STOCK FUT	170.5	185.8	-15.3

Markets ended sharply lower, tracking weakness across Asia and Europe

- Financials and commodity-related stocks led losses, with JSW Steel, Tata Steel, IndusInd Bank, SBI Life and Hindalco losing 3-4 percent.
- Tata Consumer Products gained 2.5 percent while HDFC Bank, Britannia Industries and UPL all ended up more than 1 percent.

Global & Asian market overview

- **European stocks** closed sharply lower as investors pressed sales in several sectors amid concerns over inflation and higher interest rates, and on weak economic data from the region.
- **US stocks** After moving sharply lower in the previous session, stocks showed a strong move back to the upside during trading. The major averages all showed strong upward moves on the day. The major averages pulled back off their highs going into the close but remained firmly positive.
- **Asian stocks** After coming under pressure early in the session, stocks showed a significant turnaround over the course of the trading day. The major averages all climbed well off their lows of the session and into positive territory.

Industry Buzz

- **Zee Entertainment Enterprises:** The founder of Zee Entertainment Enterprises Ltd., Subhash Chandra, has alleged that dissenting investors Invesco Developing Markets Fund and OFI Global China Fund LLC are trying to take over the firm he set up two decades ago, adding another twist in the public fight for board control of India's largest listed TV network.
- **Nazara Technologies:** The company raised Rs 315 crore from marquee institutional investors. The funds will be utilised to invest in growth initiatives of the company as well as pursue strategic acquisitions in the various business verticals of the company including gamified learning, freemium, skill based real money gaming and esports.

- **Lupin:** Received tentative U.S. FDA approval for Brexpiprazole Tablets, a generic equivalent of Rexulti Tablets of Otsuka Pharmaceutical Co. The company will manufacture Brexpiprazole at its Pithampur facility in India.
- **Titan Company:** The company reported strong recovery in demand in Q2FY22. Jewellery business grew by 78% in Q2FY22 YoY and added 13 stores during the quarter, watches & wearables segment registered 73% YoY growth and eye wear business increased by 74% YoY in the same period.
- **Sobha:** New sales grew by 50.62% to 13.48 lakh square feet in Q2FY22 versus 8.91 lakh square feet in Q2FY21. Total sales value increased 49.32% to Rs 1,030.2 crore from Rs 689.9 crore in the same period. The company achieved best-ever quarterly sales volume of 13.5 lakh square feet of super built-up area. It also achieved best ever Sobha Share of sale value of Rs 854 crore. Average cost of borrowing has further come down during the quarter.

- **Macrotech Developers:** Second quarter pre-sales rise 88% year-on-year to Rs 2,003 crore. The company had pre-sales of £145 million (Rs 1,450 crore) in U.K. projects during the quarter. Collections up 73% YoY at Rs 1,912 crore. Net debt at India business fell to Rs 12,508 crore versus Rs 16,965 crore a year earlier. Plans to cut debt to about Rs 10,000 crore by March.
- **Telecom stocks:** Government has reduced bank guarantee requirements for telecom operators by 80%.
- **Ambuja Cements:** Life Insurance Corporation of India acquired 3.99 crore equity shares in the company via open market transactions, increasing shareholding to 6.12% from 4.11% earlier.
- **Orissa Minerals Development Company:** Life Insurance Corporation of India sold 1.24 lakh equity shares in the company via open market transactions, reducing shareholding to 9.08% from 11.16% earlier.
- **NIIT:** U.S.-based Sutherland, a leading global digital transformation company, and StackRoute, an NIIT Venture, have entered into a partnership to launch an immersive training program designed to identify the right talent and develop them as high-quality full stack IT professionals, handling critical roles at Sutherland.
- **Balaji Amines:** The company's demethylformamide plant will remain shut for two-three weeks. An incident took place at the company's unit III demethylformamide plant which caused leakages/breakdown. While rectifying this the company added some debottlenecking activities to increase capacity.
- **PNB Housing Finance:** The company has collaborated with CSC e-Governance Services India to provide last-mile home loan facilities to individuals living in tier 2 and 3 cities.
- **Sona Blw Precision Forgings:** Rated new Buy at Nirmal Bang

Indian Macro

- Reserve Bank's rate-setting panel started its three-day deliberations on the next bi-monthly monetary policy on Wednesday amid rising global commodity prices and the need to contain inflation at home. The decision of the six-member Monetary Policy Committee (MPC) would be announced on Friday by RBI Governor Shaktikanta Das on Friday. Experts are of the view that the central bank will maintain the status quo on policy rates for the eighth time in a row. The policy repo rate or the short-term lending rate is currently at 4 percent, and the reverse repo rate is 3.35 percent. Ranen Banerjee, leader (Public Finance and Economics) at PwC India opined that the latest statements by the US Fed Chair on possible actions if inflation does not wear off by H1 of 2022 is a clear commencement of chatter around rate action after the clarity on taper timing.
- The backdrop of the Monetary Policy Committee's meeting is loaded with increasing uncertainties, both on the global and domestic fronts. Globally, the tide is turning reasonably unfavourable as the US Federal Reserve is on the brink of tapering asset purchases and the Bank of England, too, is nearing a rate hike as risks of persistently elevated inflation mount. The 10-year US treasury yields have surged 20 bps post the Federal Open Market Committee meeting and the US dollar index is up by 0.8 percent, hovering around 94 levels. The impact of narrowing interest rate differentials and associated risks have probably already started to reflect in foreign portfolio investment debt outflows in the last few days after robust inflows in August and September.
- The SVAMITVA Yojna, a scheme towards establishment of clear ownership of property, has enhanced strength of the rural economy and it will write a new chapter of development of villages in the country, Prime Minister Narendra Modi said on Wednesday. Addressing virtually a function in Harda district of Madhya Pradesh, Modi said after the successful implementation of the SVAMITVA Yojna on a pilot basis in some states, it will be implemented at the national level for ensuring the development of rural areas. "It will become an example of Gram Swaraj in the country," he said. The SVAMITVA (Survey of Villages and Mapping with Improvised Technology in Village Areas) scheme was launched by the prime minister on April 24, 2020 as a central sector scheme to promote a socio-economically empowered and self-reliant rural India. The scheme aims at establishment of clear ownership of property in rural areas by mapping of land parcels using drone technology and providing record of rights' to eligible households by issuing legal ownership cards to them.

Global Macro

- US crude oil inventories rose by 2.346 million barrels in the week ending October 1st, a second straight period of increase and compared with market forecasts of a 0.418 million drop, data from the EIA Petroleum Status Report showed. Meanwhile, gasoline inventories were up by 3.256 million barrels, also defying expectations of a 0.279 million fall.
- The yield on the benchmark US 10-year Treasury note erased early gains and retreated to 1.5% on Wednesday, after briefly touching 1.56% early in the session which was the highest since June 16th. Energy prices including oil and natural gas fell from recent highs, easing some concerns over a spike inflation. Still, yields remain elevated as the odds are rising the Fed will start tapering next month as the economic recovery continues. The ADP report showed the private sector added the most jobs in 3 months. All eyes now turn to payrolls report due Friday which is expected to show the labor market recovery remains strong.

	S1	S2	PIVOT	R1	R2
ADANIPOINTS	709	702	729	736	756
ASIANPAINT	3167	3144	3224	3247	3303
AXISBANK	768	763	781	787	800
BAJAJ-AUTO	3710	3673	3797	3834	3921
BAJAJFINSV	17296	17133	17721	17884	18308
BAJFINANCE	7632	7561	7756	7828	7952
BHARTIARTL	680	674	694	700	714
BPCL	443	441	448	450	455
BRITANNIA	3878	3825	3935	3989	4046
CIPLA	900	892	919	928	947
COALINDIA	186	183	195	198	207
DIVISLAB	5073	5040	5150	5183	5260
DRREDDY	4882	4827	4962	5018	5098
EICHERMOT	2698	2671	2741	2768	2811
GRASIM	1572	1558	1606	1620	1654
HCLTECH	1251	1237	1285	1299	1333
HDFC	2710	2674	2752	2788	2830
HDFCBANK	1593	1570	1610	1633	1650
HDCLIFE	717	712	729	735	747
HEROMOTOCO	2758	2735	2804	2827	2873
HINDALCO	463	456	481	487	505
HINDUNILVR	2654	2636	2694	2712	2752
ICICIBANK	681	676	693	698	710
INDUSINDBK	1103	1088	1141	1155	1193
INFY	1653	1642	1681	1692	1720
IOC	127	125	131	132	136
ITC	228	226	232	234	238
JSWSTEEL	643	635	664	672	692
KOTAKBANK	1922	1901	1964	1985	2027
LT	1672	1658	1704	1718	1750
M&M	822	813	839	848	864
MARUTI	7135	7091	7208	7252	7325
NESTLEIND	18831	18681	19227	19377	19774
NTPC	141	140	144	146	149
ONGC	164	161	168	171	175
POWERGRID	185	183	189	190	194
RELIANCE	2520	2501	2570	2588	2639
SBILIFE	1182	1159	1228	1250	1296
SBIN	448	442	460	466	477
SHREECEM	27627	27354	28279	28553	29204
SUNPHARMA	790	781	807	817	834
TATACONSUM	806	789	820	837	851
TATAMOTORS	329	325	339	342	352
TATASTEEL	1246	1232	1287	1302	1343
TCS	3783	3758	3820	3845	3882
TECHM	1360	1347	1394	1407	1441
TITAN	2114	2090	2159	2184	2229
ULTRACEMCO	7258	7205	7398	7451	7591
UPL	712	699	728	741	757
WIPRO	627	623	639	643	655

Trading guidelines

- 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 in the first 30 minutes of trading.
- Opening Price is considered around close of previous day. 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.

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