

Morning Call

13 October 2021

Indices	Close	Previous	Chg. %
Sensex Index	60,284	60,136	0.25%
Nifty Index	17,992	17,946	0.26%
NSEBANK INDEX	38,522	38,294	0.59%
NSEAUTO INDEX	11,476	11,376	0.88%
NSEIT INDEX	34,870	35,180	-0.88%

Market depth	Advance	Decline	T/O(bn)
NSE	1,035	1,020	759
BSE	1,733	1,611	54

Indices	Close	Previous	Chg. %
DJIA	34,378	34,496	-0.34%
NASDAQ	14,466	14,486	-0.14%
S&P 500	4,351	4,361	-0.24%
DAX	15,147	15,199	-0.34%
CAC 40	6,548	6,571	-0.34%
FTSE 100	7,130	7,147	-0.23%
HANG SENG	24,963	25,325	-1.43%
SSE INDEX	3,547	3,592	-1.25%
NIKKIE 225	28,231	28,498	-0.94%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
TITAN	6.1	HCLTECH	-3.8
BAJAJ-AUTO	3.3	HDFCLIFE	-1.9
BAJAJFINSV	3.0	COALINDIA	-1.7
SBIN	2.9	TECHM	-1.6
DIVISLAB	2.7	ULTRACEMCO	-0.9

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	30.1	42.1	-12.0
STOCK FUT	146.8	161.4	-14.6

Markets ended a tad higher

- Both the Sensex and Nifty swung between gains and losses before closing higher for the fourth consecutive session, aided by gains in consumer durables, auto and metal stocks.
- Coal India shares declined 1.7 percent after the Coal Minister told CNBC-TV18 that the company's production target of one billion tonnes for FY24 will be delayed due to the impact of COVID-19.

Global & Asian market overview

- **European stocks** closed weak amid rising concerns over inflation, pressures on quarterly earnings and Chinese real estate giant Evergrande's debt woes.
- **US stocks** Following the downturn seen over the course of the previous session, stocks showed a lack of direction throughout the trading day. The major averages spent most of the session lingering near the unchanged line.
- **Asian stocks** retreated as inflation worries persisted and Evergrande's debt troubles sent shockwaves across the region. There were also concerns that disappointing U.S. jobs data would not suffice to slow the U.S. Federal Reserve's timeline for tapering its stimulus.

Industry Buzz

- **Reliance Industries:** Reliance New Energy Solar leads series C financing round in German solar component maker NexWafe. RIL subsidiary will pump \$29 million to accelerate product and technology development. Other investors in the \$45 million round include InnoEnergy, Lynwood and Saudi Aramco Energy Ventures, among others. Reliance plans to build large-scale solar wafer manufacturing facilities in India using NexWafe's technology.

- **Tata Motors:** The company will raise up to \$1 billion (about Rs 7,500 crore) for a new passenger electric vehicle subsidiary (TML EV Co.) from TPG Rise Climate and its co-investor ADQ. The investors will pump in the funds through compulsory convertible instruments for an 11-15% stake in TML EV Co. That would give the company an equity valuation of up to \$9.1 billion, Tata Motors said. TML EV Co. will invest over Rs 16,000 crore in the next five years for products, platforms, drive trains and dedicated EV manufacturing and charging infrastructure.
- **Centrum Capital:** RBI grants small finance bank license to consortium of Centrum Group and Resilient Innovations. The new SFB, Unity Small Finance Bank, to take over assets and liabilities of Punjab & Maharashtra Cooperative Bank. Centrum's MSME and microfinance book to be merged with the SFB.
- **IndusInd Bank, Kotak Mahindra Bank:** Both banks have received government approval to collect direct and indirect taxes. Customers of both banks will be able to use net banking and mobile applications to pay taxes. Banks can also collect taxes

through their branch networks. In February 2021, government lifted its bar on private banks from taking up government business.

- **Zee Entertainment Enterprises:** Representatives of Invesco proposed a deal to Zee's CEO Punit Goenka in February, involving the merger of the company and certain entities owned by a large Indian group, the media firm said. Zee's board met on Tuesday to consider a note addressed to them by Goenka. He said he had expressed his apprehension to Invesco that as the merging entities of the Indian group were over-valued, it would cause a loss to Zee shareholders. The proposed deal by Invesco representatives had valued public holding in Zee at Rs 21,130 crore. The company's board also took note of an open letter issued by Invesco on October 11 and said it will respond to comments made in the letter.
- **Power Grid Corporation of India:** Board has given investment approval for setting up of electric vehicle charging station in Navi Mumbai at an estimated cost of Rs 14.23 crore. It has also approved incorporation of wholly owned subsidiary to undertake telecommunications and digital technology business of Power Grid.
- **Happiest Minds Technologies:** The company has entered into partnership with Tech4TH Solutions, a company incorporated in the U.S. Tech4TH provides digital services to worldwide companies in the Travel and Hospitality sectors.
- **Power Finance Corporation:** The government has granted Maharatna Status to the company.
- **Steel Exchange India:** To consider proposal for raising of funds on October 15.
- **Zen Technologies:** To consider fund raising plan on October 16.
- **Bajaj Finserv:** Trustee company under the name of Bajaj Finserv Mutual Fund Trustee Limited has been incorporated as a wholly owned subsidiary of the company.

Earnings Update

- **HFCL Q2 FY22 (Consolidated, QoQ):** Revenue down 7% at Rs 1,122.05 crore Vs Rs 1,206.87 crore Net profit down 7% at Rs 81.61 crore Vs Rs 87.83 crore Ebitda down 9% at Rs 169.15 crore Vs Rs 186.25 crore Margin at 15.1% Vs 15.4%
- **Delta Corp Q2 FY22 (Consolidated, QoQ):** Revenue down 2% at Rs 74.72 crore Vs Rs 75.87 crore Net loss at Rs 22.57 crore Vs Rs 28.93 crore
- **Tata Metaliks Q2 FY22 (QoQ):** Revenue up 7% at Rs 644.84 crore Vs Rs 602.97 crore Net profit down 42% at Rs 54.62 crore Vs Rs 94.72 crore Ebitda down 35% at Rs 99.79 crore Vs Rs 153.51 crore Margins at 15.5% Vs 25.5%

Results Today

- Infosys, Wipro, Mindtree, Advik Laboratories, Aditya Birla Money, Morarka Finance, National Standard, Perfect-Octave Media Projects, Plastiblends India, Raghav Productivity Enhancers, SDC Techmedia, Sanathnagar Enterprises, Stratmont Industries, and Unistar Multimedia

Indian Macro

- Speaking at a virtual conference held by the Federation of Indian Chambers of Commerce & Industry (Ficci), Union minister Nitin Gadkari announced that the government intends to achieve 30% market penetration in the passenger cars segment by 2030. He said the electrification target for commercial vehicles was 70% while electric two-wheelers are expected to achieve a whopping 80% market penetration. Stressing the need to decarbonise the transport sector, Gadkari said meeting these targets would help India reduce its crude oil usage by a staggering 156 million tonnes. His estimates are largely in keeping with the targets set by the NITI Aayog report titled "India's Electric Mobility Transformation" published in 2019. Gadkari went on to announce that a pilot project to install an electric highway on the Delhi-Mumbai stretch, in order to facilitate easy movement of electric trucks and buses, is being considered.

Global Macro

- Year-ahead inflation expectations in the United States rose further to 5.3 percent in September 2021, the eleventh consecutive monthly increase and a new series high since the inception of the survey in 2013. Three-year-ahead inflation expectations also increased, to 4.2 percent from 4.0 percent, the third consecutive monthly increase and also a new record. In contrast, year-ahead home price expectations dropped by 0.4 percentage points to 5.5 percent, the fourth consecutive monthly decrease, driven mostly by respondents from the “West” and “Northeast” Census regions. Also, while expectations about year-ahead price changes decreased for all the commodities, led by a slowdown in the price of gas, college education, and food.
- The euro depreciated towards \$1.15 in October, hovering around its weakest level since July 2020, amid concerns over mounting inflationary pressure due to rising energy prices and expectations the US Federal Reserve will be tapering faster than the European Central Bank. Fed policymakers are expected to begin scaling back asset purchases in November and start raising interest rates next year, while the ECB is seen hiking rates by 10 bps by the end of 2022, even as President Lagarde tried to assuage the market’s inflation fear by saying she still expects supply shortages or rising energy prices to be transitory. On the economic data front, the ZEW indicator of economic sentiment in Germany suggested the outlook for the economic development in Europe's largest economy deteriorated sharply due to the persisting supply bottlenecks.
- The number of job openings in the US dropped to 10.439 million in August 2021, from an all-time high of 11.098 million in July and below market expectations of 10.925 million. It was the first month of decline in the level of the openings since December 2020 with the largest decreases reported for health care and social assistance (-224,000); accommodation and food services (-178,000); and state and local government education (-124,000). Job openings increased in the federal government (+22,000). Job openings were down in the Northeast and Midwest regions. Meanwhile, the number of hires declined by 439,000 to 6.322 million, while total separations including quits, layoffs and discharges, and other separations rose by 211,000 to 6.003 million.

	S1	S2	PIVOT	R1	R2
ADANIAPORTS	730	724	736	743	748
ASIANPAINT	3295	3260	3315	3350	3370
AXISBANK	789	780	795	804	809
BAJAJ-AUTO	3911	3816	3953	4047	4089
BAJAJFINSV	17816	17302	18146	18660	18990
BAJFINANCE	7778	7676	7851	7953	8026
BHARTIARTL	679	674	689	693	703
BPCL	451	448	454	458	460
BRITANNIA	3832	3794	3853	3892	3913
CIPLA	908	900	916	925	933
COALINDIA	189	185	195	198	205
DIVISLAB	5190	5052	5240	5378	5428
DRREDDY	4863	4809	4910	4964	5011
EICHERMOT	2864	2818	2899	2946	2980
GRASIM	1620	1606	1642	1656	1679
HCLTECH	1218	1191	1263	1290	1336
HDFC	2738	2721	2753	2770	2785
HDFCBANK	1622	1615	1632	1638	1648
HDCLIFE	694	687	706	713	725
HEROMOTOCO	2877	2830	2902	2949	2975
HINDALCO	492	484	496	505	508
HINDUNILVR	2654	2608	2671	2718	2734
ICICIBANK	705	701	709	714	718
INDUSINDBK	1161	1143	1179	1197	1214
INFY	1675	1655	1682	1702	1709
IOC	129	128	131	133	134
ITC	239	236	241	244	246
JSWSTEEL	666	658	673	681	689
KOTAKBANK	1976	1951	1990	2015	2029
LT	1708	1691	1717	1734	1742
M&M	881	870	888	898	905
MARUTI	7630	7570	7690	7750	7810
NESTLEIND	19185	18837	19317	19664	19797
NTPC	143	142	145	146	147
ONGC	162	161	164	165	167
POWERGRID	192	191	194	195	197
RELIANCE	2647	2623	2665	2689	2707
SBILIFE	1202	1192	1209	1219	1225
SBIN	475	463	480	491	496
SHREECEM	27561	27397	27825	27989	28254
SUNPHARMA	818	812	831	837	850
TATACONSUM	813	809	818	823	828
TATAMOTORS	410	401	423	432	445
TATASTEEL	1313	1294	1324	1343	1354
TCS	3618	3586	3663	3694	3739
TECHM	1357	1338	1380	1399	1422
TITAN	2423	2300	2466	2589	2631
ULTRACEMCO	7181	7104	7269	7346	7434
UPL	738	732	744	750	756
WIPRO	650	636	656	669	676

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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