

Morning Call

15 September 2021

Indices	Close	Previous	Chg. %
Sensex Index	58,247	58,178	0.12%
Nifty Index	17,380	17,355	0.14%
NSEBANK INDEX	36,613	36,472	0.39%
NSEAUTO INDEX	10,210	10,120	0.88%
NSEIT INDEX	35,432	35,130	0.86%

Market depth	Advance	Decline	T/O(bn)
NSE	1,203	820	673
BSE	1,888	1,347	60

Indices	Close	Previous	Chg. %
DJIA	34,578	34,870	-0.84%
NASDAQ	15,038	15,106	-0.45%
S&P 500	4,443	4,469	-0.57%
DAX	15,723	15,701	0.14%
CAC 40	6,653	6,677	-0.36%
FTSE 100	7,034	7,068	-0.49%
HANG SENG	25,502	25,814	-1.21%
SSE INDEX	3,663	3,715	-1.42%
NIKKIE 225	30,670	30,447	0.73%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
INDUSINDBK	3.9	ULTRACEMCO	-1.1
HCLTECH	2.4	HDFC	-1.0
HEROMOTOCO	2.0	BPCL	-1.0
ADANIPTS	1.5	NESTLEIND	-1.0
TATAMOTORS	1.5	TATASTEEL	-0.8

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	27.3	29.2	-2.0
STOCK FUT	115.5	117.4	-2.0

Markets ended a range-bound session slightly higher

- On the macroeconomic front, India's inflation slowed in August, defying expectations for stability, while the wholesale price inflation accelerated unexpectedly in the month after slowing in the previous month, separate reports showed.
- Zee Entertainment Enterprises shares jumped as much as 40 percent after top investors of the company sought the removal of its chief executive officer Punit Goenka from the board.

Global & Asian market overview

- **European stocks** turned in a mixed performance with investors reacting to the data on U.S. consumer price inflation that showed prices increased by slightly less than expected in the month of August.
- **US stocks** moved to the upside at the start of trading but came under pressure over the course of the session. The major averages pulled back well off their early highs and slid firmly into negative territory as the day progressed.
- **Asian stocks** ended mixed as investors awaited U.S. inflation data for more clues on the health of the world's largest economy and when the Federal Reserve could start rolling back easy credit and other stimulus.

Industry Buzz

- **LIC Housing Finance:** Promoter Life Insurance Corporation of India's stake in the company increased to 45.239% from 40.313% post preferential allotment.
- **Power Finance Corporation:** UBS Group AG increased stake in the company to 5.67% from 3.4% earlier, through the rights issue.
- **Jindal Steel & Power:** CRISIL Ratings has upgraded the rating of the Long-Term Bank Facilities of the company to A+/positive from A-/stable. The rating agency also upgraded Short-Term Bank Facilities' rating to A1+ from A2+.

- **Shree Cement:** To set up integrated cement plant in Nawalgarh Tehsil of Rajasthan with clinker capacity of 3.8 Million Ton Per Annum and cement capacity of up to 3.5 MTPA. The plant will cost company Rs 3,500 crore. The proposed capacity will be added by quarter ended March 2024. The company will also set up solar power plants with capacity up to 106 MWp. The plants will be set to meet the captive power requirement of cement plants. Investment required for power plants estimated at Rs 500 crore. The proposed capacity to be set by quarter ending September 2022. Further, the company's wholly owned subsidiary, Shree Cement East Pvt Ltd, will set up a clinker grinding unit with capacity of 3 MTPA in Purulia district of West Bengal. The unit will cost company Rs 750 crore.
- **Gail (India):** The company is in process of accepting Letter of Intent and signing a Sale and Purchase Agreement with IL&FS to acquire 26% equity stake of IL&FS group in ONGC Tripura Power Company. After acceptance of LOI by GAIL and signing of SPA, IL&FS will send the proposal to NCLT. The transaction will be completed after NCLT approval.

- **UTI Asset Management Company:** Board of Directors to meet on September 20 to consider and approve general matters of the company.
- **PI Industries:** Shareholders have approved promotion of Rajnish Sarna from Whole-time Director to Joint Managing Director of the company w.e.f. May 18.

Indian Macro

- Climate change is the most important challenge facing humanity. There are numerous analyses and reports suggesting that if we don't get our act together, future generations will struggle for both lives and livelihoods. Nations are under pressure to undo these damage, and are reaching out to all forms of governments and institutions to curb carbon emissions. The central banks and the world of monetary policy has also been caught in this storm, and debates have started on whether the central banks should participate in this greening of the economy or not. In this regard, it has been interesting to see former RBI Governors Raghuram Rajan and Urjit Patel express their different views on the topic. The central banks cannot make direct green policies such as carbon taxation, lower plastic usage, which fall under the purview of the governments. These banks can at best make indirect policies to nudge greener investments. These could vary from promoting issuance of green bonds, which will invest the proceeds in green technologies, to making regulations for pricing the risks from climate changes. In order to promote banks to issue such bonds, the central banks are also considering accepting these bonds for repo/liquidity purposes.

Global Macro

- China's retail trade rose by 2.5 percent year-on-year in August 2021, easing sharply from a 8.5 percent gain in the previous month and missing market expectations of 11.5 percent. This was the weakest rise in retail sales since August 2020, as consumption weakened during the latest COVID-19 outbreaks in some areas. Sales rose at a slower pace for both jewellery (7.4 percent vs 14.3 percent) in July, furniture (6.7 percent vs 11 percent). Meanwhile, sales of cosmetics were flat after gaining 2.8 percent in July. At the same time, there were declines in sales of garments (-6 percent vs 7.5 percent), personal care (-0.2 percent vs 13.1 percent), telecoms (-14.9 percent vs 0.1 percent), home appliances (-5.0 percent vs 8.2 percent), and automobiles (-7.4 percent vs -1.8 percent). By contrast, sales of building materials grew faster (13.5 percent vs 11.6 percent). In the January to August period, retail sales jumped 18.1 percent compared to the same period of 2020.
- China's surveyed urban unemployment rate stood at 5.1 percent in August, unchanged from July's three-month high. The jobless rate of the population aged 16-24 fell to 15.3 percent from 16.2 percent in July. Meantime, the surveyed unemployment rate in 31 large cities and towns edged up to 5.3 percent from 5.2 percent in the prior month. The average weekly working hours of employees in enterprises across the country was 47.5 hours, a decrease of 0.2 hours from July. In the first eight months of the year, 9.38 million new jobs were created in cities and towns across the country, completing 85.3 percent of the annual target. China has set a target of creating 11 million new urban jobs and a surveyed urban unemployment rate of 5.5 percent for this year.
- The yield on UK 10-year government bond eased to 0.77% on Tuesday, after touching its highest level since June 23rd earlier in the session, as economic data showing a smaller than expected increase in US core consumer prices is likely to give the Fed a further excuse to go slow in tightening monetary policy. Yields rose recently following hawkish comments by Bank of England and Federal Reserve officials ahead of central bank meetings next week. Last week, Bank of England governor Andrew Bailey said the central bank would probably be forced to raise interest rates to combat inflationary pressures over the next two to three years, even as Britain's economic recovery from Covid-19 is slowing; while

policymaker Michael Saunders said the central bank may need to raise interest rates next year if growth continues and inflation becomes stickier.

- The annual inflation rate in the US eased to 5.3% in August from a 13-year high of 5.4% reported in June and July, matching market expectations. A slowdown was seen in cost of used cars and trucks (31.9% percent vs 41.7% in July) and transportation services (4.6% vs 6.4%) and inflation was steady for shelter (2.8%) and apparel (4.2%). On the other hand, faster price increases were seen for food (3.7% vs 3.4%), namely food at home (3% vs 2.6%) and food away from home (4.7% vs 4.6%); new vehicles (7.6% vs 6.4%); energy (25% vs 23.8%); and medical care services (1% vs 0.8%). The monthly rate eased to 0.3% from 0.5% in July, better than forecasts of 0.4%. Prices of airline fares, used cars and trucks, and motor vehicle insurance all declined over the month while increases were seen in cost of gasoline, household furnishings and operations, food, and shelter.

	S1	S2	PIVOT	R1	R2
ADANIPOINTS	748	738	755	765	773
ASIANPAINT	3347	3336	3368	3378	3399
AXISBANK	788	783	794	799	805
BAJAJ-AUTO	3716	3665	3742	3793	3819
BAJAJFINSV	16718	16635	16879	16962	17123
BAJFINANCE	7354	7320	7442	7476	7564
BHARTIARTL	690	684	695	700	705
BPCL	487	482	495	499	507
BRITANNIA	4074	4043	4113	4144	4184
CIPLA	948	944	953	957	962
COALINDIA	154	152	155	156	157
DIVISLAB	5029	4991	5110	5149	5230
DRREDDY	4906	4882	4947	4971	5013
EICHERMOT	2784	2767	2827	2844	2887
GRASIM	1598	1583	1609	1624	1635
HCLTECH	1220	1197	1230	1254	1264
HDFC	2791	2771	2830	2850	2889
HDFCBANK	1541	1535	1553	1559	1571
HDCLIFE	735	732	740	743	747
HEROMOTOCO	2816	2777	2838	2877	2899
HINDALCO	473	468	478	483	488
HINDUNILVR	2738	2718	2771	2791	2824
ICICIBANK	704	702	709	712	717
INDUSINDBK	1015	986	1027	1056	1068
INFY	1678	1670	1687	1695	1704
IOC	114	113	115	116	117
ITC	215	213	216	218	219
JSWSTEEL	690	686	696	700	706
KOTAKBANK	1848	1830	1864	1882	1897
LT	1685	1668	1692	1708	1715
M&M	746	742	750	754	757
MARUTI	6841	6794	6898	6945	7002
NESTLEIND	20027	19889	20318	20457	20747
NTPC	115	114	116	116	117
ONGC	123	121	124	125	127
POWERGRID	173	172	174	175	176
RELIANCE	2357	2347	2375	2385	2403
SBILIFE	1162	1152	1168	1178	1184
SBIN	431	429	434	435	438
SHREECEM	30416	30219	30601	30798	30983
SUNPHARMA	777	772	783	788	793
TATACONSUM	876	873	881	884	889
TATAMOTORS	303	300	305	308	310
TATASTEEL	1438	1430	1457	1465	1484
TCS	3844	3799	3870	3916	3942
TECHM	1435	1419	1446	1463	1474
TITAN	2038	2020	2050	2068	2079
ULTRACEMCO	7793	7760	7883	7917	8006
UPL	746	742	755	760	769
WIPRO	670	667	673	676	679

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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