

Morning Call

16 August 2021

Indices	Close	Previous	Chg. %
Sensex Index	55,437	54,844	1.08%
Nifty Index	16,529	16,364	1.01%
NSEBANK INDEX	36,169	35,937	0.65%
NSEAUTO INDEX	10,178	10,181	-0.02%
NSEIT INDEX	32,679	32,245	1.35%

Market depth	Advance	Decline	T/O(bn)
NSE	941	1,054	615
BSE	1,536	1,687	55

Indices	Close	Previous	Chg. %
DJIA	35,515	35,500	0.04%
NASDAQ	14,823	14,816	0.04%
S&P 500	4,468	4,461	0.16%
DAX	15,977	15,938	0.25%
CAC 40	6,896	6,882	0.20%
FTSE 100	7,219	7,193	0.35%
HANG SENG	26,392	26,518	-0.48%
SSE INDEX	3,516	3,525	-0.24%
NIKKIE 225	27,977	28,015	-0.14%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
TATACONSUM	4.0	EICHERMOT	-2.7
TCS	3.1	DRREDDY	-1.6
LT	2.6	POWERGRID	-1.3
HCLTECH	2.5	CIPLA	-1.2
TATASTEEL	2.2	BRITANNIA	-1.1

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	40.1	33.8	6.3
STOCK FUT	158.8	144.4	14.4

Markets rallied to reach fresh record closing highs

- India's consumer price inflation slowed more than expected in July mainly due to softening food prices, preliminary data from the statistics ministry showed.
- Industrial production logged a double-digit growth in June due the low base of comparison, separate data showed.

Global & Asian market overview

- **European stocks** closed higher, extending gains to a tenth successive session, amid continued optimism about corporate earnings, easing worries about U.S. inflation and hopes about global economic recovery.
- **US stocks** ended roughly flat despite the Dow and the S&P 500 both climbing to fresh record highs early on in the session. Data showing a significant drop in U.S. consumer sentiment, and concerns about the impact of surging cases of the Delta variant of the coronavirus on growth outweighed buoyant earnings updates from some top notch companies.
- **Asian stocks** ended mixed, with the spread of the delta variant coronavirus and China's regulatory curbs keeping underlying sentiment cautious. The Chinese government has unveiled a five-year and 10-point plan outlining tighter regulation of much of its economy.

Industry Buzz

- **HCL Technologies:** Rogers Communications, a Canadian telecom service provider and media company, has selected HCL to expand support of operational stability excellence in business and operational support systems and corporate IT systems. This new multi-year agreement will strengthen HCL's managed services partnership with Rogers that began in 2016, the company said.
- **eClerx Services:** To buy back up to Rs 303 crore of shares. The company plans to buy back shares through a tender route at as much as Rs 3,200 each.

- **Future Lifestyle Fashions:** Aims to increase online business 2.7x in FY22.
- **Future Consumer:** Approves merger of three step-down subsidiaries—Integrated Food Park, Future Food and Products, and Future Food Processing—with the company.
- **Max Financial Services:** Chief Financial Officer Jatin Khanna resigns effective September 30.

Earnings Update

- **ONGC Q1FY22 (Standalone, QoQ):** Revenues up 8.6% at Rs 23,021.64 crore Vs Rs 21,188.91 crore (Bloomberg estimate: Rs 23,273.7 crore) Net profit down 35.6% at Rs 4,334.75 crore Vs Rs 6,733.97 crore (Bloomberg estimate: Rs 4,690.2 crore) Ebitda up 35% at Rs 11,001.78 crore Vs Rs 8,149.35 crore (Bloomberg estimate: Rs 12,036 crore) Margins at 47.8% Vs 38.5% (Bloomberg estimate: 51.7%) The net crude realisation jumped 13% to \$65.59/barrel.

- **Indraprastha Gas Q1FY22 (Consolidated, QoQ):** Revenue down 19% at Rs 1,380.49 crore Vs Rs 1,710.32 crore Net profit down 26% at Rs 277.95 crore Vs Rs 375.10 crore Ebitda down 23% at Rs 380.86 crore Vs Rs 491.76 crore Margin at 27.6% Vs 28.8%
- **Apollo Hospitals Q1 FY22 (Consolidated, QoQ):** Revenue up 31% at Rs 3,760.2 crore Vs 2,868 crore (Bloomberg estimate: Rs 3,117.3 crore) Net profit up 1.91 times at Rs 489.3 crore Vs Rs 167.9 crore (Bloomberg estimate: Rs 165.7 crore) Ebitda up 26% at Rs 519.9 crore Vs Rs 411.8 crore (Bloomberg estimate: Rs 434.9 crore) Margins at 13.8% Vs 14.4% (Bloomberg estimate: 14%)
- **Ruchi Soya Industries Q1FY22 (Standalone, QoQ):** Revenue up 9% at Rs 5,266.15 crore Vs Rs 4,838.50 crore Net profit down 45% at Rs 173.53 crore Vs Rs 314.33 crore Ebitda up 33% at Rs 331.02 crore Vs Rs 249.58 crore Margin at 6.3% Vs 5.2%
- **NLC India Q1FY22 (Consolidated, QoQ):** Revenue up 7% at Rs 3,036.46 crore Vs Rs 2,839.55 crore Net profit down 54% at Rs 347.69 crore Vs Rs 752.84 crore Ebitda up 15% at Rs 976.95 crore Vs Rs 849.25 crore Margin at 32.2% Vs 29.9%
- **NHPC Q1FY22 (Consolidated, QoQ):** Revenue up 50% at Rs 2,417.12 crore Vs Rs 1,609.17 crore Net profit up 1.12 times at Rs 907.77 crore Vs Rs 427.55 crore Ebitda up 1.64 times at Rs 1,448.87 crore Vs Rs 548.10 crore Margin at 59.9% Vs 34.1%
- **NBCC (India) Q1FY22 (Consolidated, QoQ):** Revenue down 48% at Rs 1,386.78 crore Vs Rs 2,667.43 crore Net profit down 55% at Rs 35.79 crore Vs Rs 79.63 crore Ebitda down 88% at Rs 9.31 crore Vs Rs 76.05 crore Margin at 0.7% Vs 2.9%
- **Dilip Buildcon Q1FY22 (Consolidated, QoQ):** Revenue down 22% at Rs 2,438.26 crore Vs Rs 3,135.47 crore Loss attributable to the owners of the parent at Rs 15.88 crore Vs Profit of Rs 123.67 crore Profit for the period at Rs 29.73 crore Vs Rs 168.75 crore Ebitda down 22% at Rs 456.11 crore Vs Rs 584.33 crore Margin at 18.7% Vs 18.6%
- **Glenmark Pharmaceuticals Q1FY22 (Consolidated, QoQ):** Revenue up 4% at Rs 2,964.89 crore Vs Rs 2,859.89 crore Net profit up 31% at Rs 306.52 crore Vs Rs 233.87 crore Ebitda up 10% at Rs 573.57 crore Vs Rs 523.42 crore Margin 19.35% Vs 18.30% India business grew 57% YoY to Rs 1,225 crore North America business recorded growth of 6% YoY to Rs 787.80 crore
- **Petronet LNG Q1FY22 (Consolidated, QoQ):** Revenue up 13% at Rs 8,597.90 crore Vs Rs 7,575.32 crore Net profit up 5% at Rs 670.06 crore Vs Rs 637.92 crore Ebitda down 4% at Rs 1,051.53 crore Vs Rs 1,091.09 crore Margin at 12.23% Vs 14.40%
- **Vodafone Idea Q1FY22 (Consolidated, QoQ):** Revenues down 4.7% at Rs 9,152.3 crore Vs Rs 9,607.6 crore (Bloomberg estimate: Rs 9,592.1 crore) Net loss at Rs 7,319.1 crore Vs Rs 7,022.8 crore (Bloomberg estimate: Rs 6,614.6 crore) Ebitda down 15.9% at Rs 3,707.7 crore Vs Rs 4,408.7 crore (Bloomberg estimate: Rs 4,286.5 crore) Margin at 40.5% Vs 45.9% (Bloomberg estimate: 44.7%) Average revenue per user fell to Rs 104 from Rs 107
- **JK Cement Q1FY22 (Consolidated, QoQ):** Revenue down 20% at Rs 1,714.14 crore Vs Rs 2,134.14 crore Net profit down 11% at Rs 191.94 crore Vs Rs 215.91 crore Ebitda down 9% at Rs 402.90 crore Vs Rs 444.34 crore Margin 23.50% Vs 20.82%
- **Suzlon Energy Q1FY22 (Consolidated, QoQ):** Revenue up 1% at Rs 1,141.78 crore Vs Rs 1,136 crore Net loss at Rs 22.44 crore Vs Rs 56.65 crore Ebitda down 21% at Rs 154.07 crore Vs Rs 195.97 crore Margin at 13.49% Vs 17.25%
- **GMR Infrastructure Q1FY22 (Consolidated, QoQ):** Revenue down 23% at Rs 1,775.87 crore Vs Rs 2,320.53 crore Net loss at Rs 317.91 crore Vs Rs 723.36 crore Ebitda down 50% at Rs 421.92 crore Vs Rs 843.81 crore Margin at 23.76% Vs 36.36% Received first tranche of Rs 1,692 crore out of total Rs 2,719 crore for selling stake in Kakinada SEZ Airport traffic rebounded quickly from last week of May and is on a fast pace recovery path than initially anticipated Expects return to the pre-Covid traffic level in Indian Airports by end FY22 driven by domestic segment Approved enabling resolution for raising up to Rs 6,000 crore in one or more tranches via QIP, FCCB issues among other modes
- **Amara Raja Batteries Q1FY22 (Consolidated, QoQ):** Revenue down 10% at Rs 1,886.17 crore Vs Rs 2,102.61 crore Net profit down 34% at Rs 124.10 crore Vs Rs 189.38 crore Ebitda down 21% at Rs 250.02 crore Vs Rs 316.40 crore Margin at 13.26% Vs 15.05%
- **Minda Industries Q1FY22 (Consolidated, QoQ):** Revenue down 28% at Rs 1,602.55 crore Vs Rs 2,238.27 crore Net profit down 89% at Rs 15.42 crore Vs Rs 140.32 crore Ebitda down 51% at Rs 146.70 crore Vs Rs 301.59 crore Margin at 9.2% Vs 13.5%
- **Sun TV Network Q1FY22 (Consolidated, QoQ):** Revenue up 2% at Rs 818.87 crore Vs Rs 802.55 crore Net profit down 25% at Rs 365.23 crore Vs Rs 487.46 crore Ebitda down 12% at Rs 487.18 crore Vs Rs 550.90 crore Margin at 59.5% Vs 68.6% Declared an interim dividend of Rs 3.75 per equity share

- **Burger King Q1FY22 (QoQ):** Revenue down 23% at Rs 149.72 crore Vs Rs 196.05 crore Net loss at Rs 44.35 crore Vs Rs 25.94 crore Ebitda down 94% at Rs 1.50 crore Vs Rs 24.41 crore Margin 1% Vs 12.5%
- **J&K Bank Q1FY22 (Consolidated, YoY):** Net Interest Income up 7% at Rs 969.38 crore Vs Rs 904.44 crore Net profit up 13.38 times at Rs 104.95 crore Vs Rs 7.3 crore GNPA at 9.69% Vs 9.67% (QoQ) NNPA at 2.94% Vs 2.95% (QoQ) Provisions at Rs 215.83 crore Vs Rs 28.27 (QoQ) Provision for loan losses at Rs 93.25 crore Vs Rs 444.68 crore (QoQ)
- **Poonawalla Fincorp Q1FY22 (Consolidated, QoQ):** Net Interest Income down 14% at Rs 276.78 crore Vs Rs 322.33 crore Net profit at Rs 64.53 crore Vs Net loss of Rs 647.72 crore Gross Stage 3 asset at 5.8% Vs 3.7% Net Stage 3 asset at 3.7% Vs 1.2%
- **SpiceJet Q1FY22 (Consolidated, QoQ):** Revenue down 40% at Rs 1,125 crore Vs Rs 1,888.19 crore Net loss at Rs 731.11 crore Vs Rs 256.97 crore Ebitda loss at Rs 414.91 crore Vs Rs 77.25 crore

Indian Macro

- The country's foreign exchange reserves increased by \$889 million to a lifetime high of \$621.464 billion in the week ended August 6, 2021, RBI data showed. In the previous week ended July 30, 2021, the reserves had surged by \$9.427 billion to reach \$620.576 billion. In the reporting week, the increase in the forex kitty was due to a rise in foreign currency assets (FCAs), a major component of the overall reserves, as per weekly data by the Reserve Bank of India (RBI).
- A cut in petrol cess, a fiscal deficit within the limits prescribed by the 15th Finance Commission and no new taxes were among the key proposals in the budget presented by the DMK government in Tamil Nadu on August 13, with finance minister Palanivel Thiaga Rajan making it clear that fiscal consolidation would have to wait for a while. "Given that the economy is still just recovering from the impact of successive waves of the Covid-19 pandemic, the time is not yet ripe for fiscal consolidation," Thiaga Rajan said while presenting his maiden budget in the paperless form in the state assembly. The DMK came to power three months ago.

Global Macro

- China's retail trade rose by 8.5 percent year-on-year in July 2021, easing from a 12.1 percent gain in the previous month and missing market expectations of 11.5 percent. This was the weakest rise in retail sales since December 2020, as consumption moderated during the latest COVID-19 outbreaks in some provinces. Sales rose at a slower pace for most categories: garments (7.5 percent vs 12.8 percent in June), cosmetics (2.8 percent vs 13.5 percent), personal care (13.1 percent vs 14 percent), jewelry (14.3 percent vs 26 percent), telecoms (0.1 percent vs 15.9 percent), home appliances (8.2 percent vs 8.9 percent), furniture (11 percent vs 13.4 percent) and building materials (11.6 percent vs 19.1 percent). Also, sales of automobiles fell (-1.8 percent vs 4.5 percent). In the January to July period, retail sales jumped 20.7 percent compared to the same period of 2020.
- China's fixed-asset investment grew by 10.3% yoy to CNY 30.25 trillion in January to July 2021, slowing from a 12.6% rise in the previous period and missing market forecasts of 11.3%. Investment eased in both public (7.1% vs 9.6% in January-June) and private sectors (13.4% vs 15.4%), amid the latest surge of COVID-19 cases in some regions. Among sub-industry, a slowdown in investment was seen for the primary sector (21.8% vs 21.3%) and secondary (14.4% vs 16.3%). Also, the tertiary industry rose 8.2 percent, following a 13.8% rise, mainly supported by water conservancy, public facilities, road transport, and railway.

	S1	S2	PIVOT	R1	R2
ADANIPOINTS	699	694	704	709	715
ASIANPAINT	2967	2955	2984	2996	3013
AXISBANK	754	749	759	765	770
BAJAJ-AUTO	3776	3718	3818	3876	3918
BAJAJFINSV	14227	14163	14329	14393	14495
BAJFINANCE	6100	6067	6164	6198	6262
BHARTIARTL	626	612	632	647	653
BPCL	449	444	454	460	465
BRITANNIA	3547	3526	3595	3616	3664
CIPLA	885	879	898	904	917
COALINDIA	142	141	144	146	147
DIVISLAB	4894	4821	4933	5006	5046
DRREDDY	4591	4559	4663	4694	4767
EICHERMOT	2492	2455	2561	2598	2666
GRASIM	1474	1456	1503	1521	1550
HCLTECH	1107	1082	1116	1141	1149
HDFC	2676	2642	2695	2729	2748
HDFCBANK	1509	1490	1520	1539	1550
HDCLIFE	666	662	672	675	682
HEROMOTOCO	2743	2716	2779	2805	2841
HINDALCO	435	428	442	449	457
HINDUNILVR	2389	2377	2399	2410	2421
ICICIBANK	700	696	705	709	714
INDUSINDBK	1014	1007	1029	1036	1051
INFY	1698	1679	1710	1730	1742
IOC	104	103	104	105	106
ITC	210	208	211	213	214
JSWSTEEL	734	721	746	760	771
KOTAKBANK	1773	1761	1786	1798	1811
LT	1639	1606	1658	1691	1710
M&M	768	762	779	785	796
MARUTI	6960	6929	7005	7036	7081
NESTLEIND	18176	18075	18233	18334	18391
NTPC	117	116	118	120	121
ONGC	115	115	116	117	118
POWERGRID	183	181	185	187	189
RELIANCE	2123	2095	2136	2163	2177
SBILIFE	1131	1125	1137	1143	1148
SBIN	427	422	430	434	437
SHREECEM	26338	26170	26694	26862	27218
SUNPHARMA	766	757	777	787	798
TATACONSUM	787	762	799	824	835
TATAMOTORS	302	298	307	311	315
TATASTEEL	1424	1364	1450	1510	1536
TCS	3395	3315	3437	3517	3560
TECHM	1371	1357	1381	1395	1405
TITAN	1826	1811	1833	1848	1856
ULTRACEMCO	7413	7374	7471	7510	7568
UPL	771	764	778	785	791
WIPRO	609	600	615	623	629

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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