

Morning Call

05 October 2021

Indices	Close	Previous	Chg. %
Sensex Index	59,299	58,766	0.91%
Nifty Index	17,691	17,532	0.91%
NSEBANK INDEX	37,580	37,226	0.95%
NSEAUTO INDEX	10,641	10,597	0.42%
NSEIT INDEX	35,126	34,781	0.99%

Market depth	Advance	Decline	T/O(bn)
NSE	1,510	545	744
BSE	2,327	1,045	56

Indices	Close	Previous	Chg. %
DJIA	34,003	34,326	-0.94%
NASDAQ	14,255	14,567	-2.14%
S&P 500	4,300	4,357	-1.30%
DAX	15,037	15,156	-0.79%
CAC 40	6,478	6,518	-0.61%
FTSE 100	7,011	7,027	-0.23%
HANG SENG	24,036	24,576	-2.19%
SSE INDEX	3,568	3,536	0.90%
NIKKIE 225	28,445	28,771	-1.13%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
DIVISLAB	7.8	CIPLA	-3.0
HINDALCO	4.6	GRASIM	-2.3
NTPC	4.0	UPL	-1.4
BAJAJFINSV	3.4	IOC	-1.0
TATAMOTORS	2.6	EICHERMOT	-0.8

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	36.7	44.1	-7.4
STOCK FUT	143.4	143.5	-0.1

Markets rose sharply to snap a four-day losing streak

- Divis Laboratories shares surged as much as 7.8 percent after U.S.-based pharma giant Merck & Co announced positive results of its antiviral pill trial.
- Tata Motors advanced 2.6 percent after unveiling its much-awaited compact SUV - Tata Punch.

Global & Asian market overview

- **European stocks** ended weak with investors largely staying cautious, fretting over risk to growth from rising inflation and China Evergrande's financial troubles.
- **US stocks** ended sharply lower, after languishing in negative territory right through the day's session. High commodity prices, a surge in Treasury yields, worries about growth and rising inflation rendered the mood bearish.
- **Asian stocks** ended mixed in thin holiday trade as the fate of the Biden Administration's flagship spending bills remained unclear and the Evergrande debt crisis continued to cast doubt over China's economic growth.

Industry Buzz

- **Adani Green:** Founder Gautam Adani said that the conglomerate would invest a fresh \$20 billion in its green value chain over the next decade. This would include funds for areas such as electrolyzer manufacturing, backward integration plans to secure the supply chain for solar and wind generation businesses, and AI-based industrial cloud platforms.
- **Zee Entertainment Enterprises:** Invesco Developing Markets Fund said at the National Company Law Tribunal that Zee's decision to reject EGM requisition was 'mala fide' and that their apprehensions about CEO Puneet Goenka had been proven right. The NCLT will continue the hearing on Tuesday.

- **SREI Infrastructure Finance:** RBI has superseded the boards of SREI Infra and SREI Equipment Finance with immediate effect due to governance concerns and defaults. The banking regulator appointed Rajneesh Sharma, former chief general manager from Bank of Baroda, as the administrator for both firms. RBI said it would now initiate insolvency proceedings against the NBFCs. SREI has said invoking insolvency will be unfair and lead to massive public loss.
- **JSW Energy:** Company has signed a contract with Senvion India to procure 591 MW of wind turbines for its pipeline of renewable energy projects. Supply of the turbines will begin by the second half of 2022.
- **Vedanta:** Aluminum production in the July-September period rose 4% quarter-on-quarter. Zinc mined metal output also climbed 4% while oil and gas output remained flat. Output of saleable steel rose 13% year-on-year.
- **Hindustan Zinc:** Q2 integrated metal production 209,000 tonnes; Q2 mined metal production 248,000 tonnes
- **Rail Vikas Nigam:** In accord with Tata Steel for implementation of infrastructure projects
- **S Chand & Co.:** Approves Rs 40 crore working capital facility from SBI; Co. to use funds to take over existing credit facilities

- **ICICI Lombard General Insurance:** Societe Beaujon, AXA Group's French investment holding company will sell 1.75 crore shares representing 3.8% stake. The price range is between Rs 1497.92 to Rs 1576.75 per share. BNP Paribas is appointed as the sole placement agent of the deal.
- **Aditya Birla Money:** Market regulator SEBI has imposed a Rs 1 crore fine for violation of norms. According to SEBI's adjudication order, Aditya Birla Money did not have adequate systems and internal controls to ensure due diligence in the conduct of its business with clients. In addition, it said that the stockbroker misled clients by understating losses and overstating profits.
- **HFCL:** Company has bagged a Rs 287.9 crore order from RailTel Corporation of India, a government-owned company, for setting up network infrastructure for the defense forces. The stock rated new Buy at ICICI Securities with a price target of Rs 92.
- **EID Parry India:** Board approved the sale of plant and equipment of the sugar factory at Pettavaithalai, that is currently not operational. The board also approved an investment of Rs 19 crore in joint venture company Algavista Greentech Pvt. Ltd.
- **Rail Vikas Nigam:** Company entered into a memorandum of understanding with Tata Steel Ltd. for implementation of infrastructure projects either on nomination basis or through special purpose vehicle route.
- **Mercator:** Company disclosed that it has defaulted on loan and interest repayments worth Rs 1,011.4 crore. The total indebtedness of the company stood at Rs 1,327.3 crore as of Sept. 30.
- **M&M Financial Services:** Total disbursement in September 2021 at Rs 1,900 crore, delivering 23% YoY growth. During Q2FY22, the total disbursement at circa Rs 6,450 crore (60% YoY growth over Q2 FY21). Company said that subject to improvement in auto supply chain, it is hopeful of good Q3, supported by festival season and harvest cashflow. Collection efficiency was reported at 100% for September 2021, resulting in further reduction in the NPA contracts during the month. Company enjoyed a comfortable liquidity position on its balance sheet as at September 30, 2021.

Indian Macro

- Economic Affairs Secretary Ajay Seth on Monday said India has got on the path of economic recovery aided by various government reforms in the last seven years under Prime Minister Narendra Modi's leadership. Notwithstanding the pandemic, he said, the government continued with the reform process and many strategic reforms were announced even during Covid-19. "During the pandemic period of the past 18 months, it was not just the management of the impact of the pandemic, starting from a health crisis spilling over to the real economy and thereafter some impact onto the financial sector. Managing each of those, but with very strong emphasis on stepping up the reforms, so that the economy can bounce back with a fast growth rate, and also the potential growth rate can be built," he said. "The country is on the path of recovery," he said in a virtual event organised by industry body Ficci. Talking about one of the challenges, Seth said, the credit offtake has moderated in the last 18 months due to pandemic. "There are challenges that in the past 18 months because of the lack of private investment demand, the credit offtake has been rather moderate. That's an area where further work is needed," he said.

Global Macro

- The US dollar eased below 94 on Monday, having touched its highest level in nearly a year last week, as traders await US labor data later in the week for clues to the Federal Reserve's next move. Market forecast point to a 488,000 increase in jobs during September, enough to keep the Federal Reserve on course to begin tapering before year's end. The Federal Reserve signaled it will likely taper stimulus from November and start hiking rates next year. In recent data, both personal spending and core PCE prices in the US rose more than expected in August. Market participants continued to follow reports that China Evergrande has missed two bond interest payments in the past two weeks, with its offshore debt that amounting to about \$20 billion trading at distressed levels.

- Heating oil futures rose above \$2.4 a gallon, close to levels last seen in November 2014 amid supply disruptions and rising demand ahead of winter in the northern hemisphere. Meanwhile, oil production in the US Gulf platforms is still below the levels they were before Hurricane Ida hit. The oil and gas market is also receiving support from substitution effects amid soaring natural gas prices. Last week, the EIA Petroleum Status Report showed US heating oil inventories decreased by 0.366 million barrels.
- New orders for US manufactured goods jumped 1.2% mom in August of 2021, following an upwardly revised 0.7% rise in July and beating market forecasts of a 1% rise. Biggest increases were seen in orders for transportation equipment (5.4%), namely nondefense aircraft and parts (77.9%); and fabricated metal products (2%). On the other hand, decreases were seen in orders for machinery (-1%). Excluding transportation, factory orders edged up 0.5%.

	S1	S2	PIVOT	R1	R2
ADANIPOINTS	737	731	742	749	754
ASIANPAINT	3176	3151	3203	3228	3256
AXISBANK	775	767	778	785	789
BAJAJ-AUTO	3791	3775	3838	3855	3901
BAJAJFINSV	17438	17052	17687	18073	18322
BAJFINANCE	7589	7470	7679	7798	7888
BHARTIARTL	674	664	680	691	697
BPCL	433	431	436	438	440
BRITANNIA	3851	3823	3909	3937	3995
CIPLA	936	924	966	978	1008
COALINDIA	187	185	190	193	195
DIVISLAB	4998	4731	5157	5424	5582
DRREDDY	4967	4895	5022	5094	5149
EICHERMOT	2720	2682	2745	2783	2808
GRASIM	1622	1605	1638	1656	1672
HCLTECH	1272	1263	1283	1292	1303
HDFC	2700	2686	2735	2750	2785
HDFCBANK	1579	1572	1590	1597	1608
HDCLIFE	722	719	728	730	736
HEROMOTOCO	2845	2838	2858	2865	2878
HINDALCO	492	472	501	521	529
HINDUNILVR	2666	2651	2695	2710	2739
ICICIBANK	696	690	699	705	709
INDUSINDBK	1110	1098	1117	1129	1136
INFY	1671	1657	1679	1693	1702
IOC	125	124	127	128	129
ITC	235	234	237	238	240
JSWSTEEL	670	654	678	694	703
KOTAKBANK	1980	1970	1997	2007	2024
LT	1695	1670	1710	1735	1749
M&M	828	816	840	852	864
MARUTI	7113	7081	7164	7197	7247
NESTLEIND	19354	19214	19502	19642	19790
NTPC	141	136	145	150	154
ONGC	147	146	148	149	149
POWERGRID	190	189	192	193	195
RELIANCE	2539	2519	2557	2577	2595
SBILIFE	1215	1194	1228	1249	1261
SBIN	456	447	460	469	473
SHREECEM	29139	28940	29239	29438	29539
SUNPHARMA	825	820	832	838	845
TATACONSUM	810	798	813	825	829
TATAMOTORS	338	333	341	346	349
TATASTEEL	1298	1266	1313	1346	1360
TCS	3741	3686	3762	3817	3838
TECHM	1383	1361	1394	1416	1428
TITAN	2137	2119	2156	2173	2192
ULTRACEMCO	7452	7416	7531	7566	7646
UPL	690	679	705	716	731
WIPRO	640	634	642	647	649

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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