

Morning Call

21 October 2021

Indices	Close	Previous	Chg. %
Sensex Index	61,260	61,716	-0.74%
Nifty Index	18,267	18,419	-0.83%
NSEBANK INDEX	39,518	39,541	-0.06%
NSEAUTO INDEX	11,493	11,627	-1.15%
NSEIT INDEX	36,847	37,106	-0.70%

Market depth	Advance	Decline	T/O (bn)
NSE	415	1,640	941
BSE	887	2,428	14

Indices	Close	Previous	Chg. %
DJIA	35,609	35,457	0.43%
NASDAQ	15,122	15,129	-0.05%
S&P 500	4,536	4,520	0.37%
DAX	15,523	15,516	0.05%
CAC 40	6,706	6,670	0.54%
FTSE 100	7,223	7,218	0.08%
HANG SENG	26,136	25,787	1.35%
SSE INDEX	3,587	3,593	-0.17%
NIKKIE 225	29,256	29,216	0.14%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
BHARTIARTL	4.0	HINDALCO	-3.9
SBIN	2.7	BPCL	-2.7
TATAMOTORS	1.6	TITAN	-2.6
INDUSINDBK	0.8	BAJAJFINSV	-2.3
ADANIPORTS	0.6	HINDUNILVR	-2.3

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	47.7	50.7	-3.0
STOCK FUT	251.2	273.1	-22.0

Markets ended choppy session sharply lower

- Key benchmark indexes fell for the second straight session amid broad-based selling as inflation worries dented investors' appetite for risk.
- Mid-cap and small-cap stocks succumbed to heavy selling amid worries that valuations have reached unrealistic levels.

Global & Asian market overview

- **European stocks** closed slightly higher with investors largely making cautious moves amid worries the relentless surge in commodity prices might result in inflation spiraling out of control.
- **US stocks** moved mostly higher during trading, with the Dow and the S&P 500 reaching record intraday highs during the session. The tech-heavy Nasdaq bucked the uptrend, edging slightly lower. The continued strength on Wall Street came as traders reacted positively to another batch of largely upbeat corporate earnings news.
- **Asian stocks** ended mixed as investors fretted about slowing growth amid supply chain bottlenecks. The International Monetary Fund on Tuesday slashed its 2021 economic growth outlook for Asia and warned that supply chain disruptions, inflation pressures and a looming fresh wave of COVID-19 infections pose downside risks. However, it raised the economic growth outlook for 2022.

Industry Buzz

- **Future Retail:** Arbitral tribunal, constituted under SIAC, ruled in favour of Amazon on the jurisdictional issue in case against Future Group. Future Retail party to the arbitration agreement between Amazon and Future Coupons, tribunal said. Future Retail had argued that non-signatories to an arbitration agreement cannot be made party to the proceedings.

- **PNB Housing Finance:** Board to meet on November 2 to consider issuance of Rs 2,000 crore worth non-convertible debentures on private placement basis.
- **Jindal Stainless (Hisar):** The company has commissioned 26,000 tonnes per annum capacity precision strip mill as part of the first phase of its latest brownfield expansion plan at its specialty products division. This capacity expansion takes the total precision strip production capacity to 48,000 TPA from the existing 22,000 TPA.
- **L&T Technology Services:** Board has approved the scheme of amalgamation of Esencia Technologies India, Graphene Semiconductor Services and Seastar Labs, the wholly owned subsidiaries, with the company.
- **Mindtree:** Dayapatra Nevatia has resigned as Executive Director and Chief Operating Officer of the company. Nevatia will be relieved from his duties w.e.f. from close of business hours on January 3, 2022.

Earnings Update

- **Havells India Q2FY22 (Consolidated, YoY):** Revenue up 32% at Rs 3,238.04 crore Vs Rs 2,459.49 crore Net profit down 7% at Rs 302.39 crore Vs Rs 326.36 crore Ebitda up 5% at Rs 444.97 crore Vs Rs 421.94 crore Margin at 13.7% Vs 17.2% Declared an interim dividend of Rs 3 per equity share
- **Tata Communications Q2FY22 (Consolidated, YoY):** Revenue down 5% at Rs 4,174.02 crore Vs Rs 4,401.08 crore Net profit up 11% at Rs 425.38 crore Vs Rs 384.48 crore Ebitda down 4% at Rs 1,112.85 crore Vs Rs 1,157.53 Margin at 26.7% Vs 26.3%
- **Hathway Cable & Datacom Q2FY22 (Consolidated, YoY):** Revenue up 4% at Rs 447.87 crore Vs Rs 431.24 crore Net profit down 64% to Rs 18.93 crore Vs Rs 52.22 crore Ebitda down 26% at Rs 89.16 crore Vs Rs 120.39 crore Margin 19.9% Vs 27.9%
- **Tata Steel Long Products Q2FY22 (YoY):** Revenue up 38% at Rs 1,637.37 crore Vs Rs 1,185.86 crore Net profit up 1.28 times at Rs 134.77 crore Vs Rs 59.05 crore Ebitda up 32% at Rs 241.73 crore Vs Rs 183.56 crore Margin at 14.8% Vs 15.5%
- **L&T Finance Holdings Q2FY22 (Consolidated, YoY):** NII up 6% at Rs 1,610.72 crore Vs Rs 1,519.32 crore Net profit down 15% at Rs 224.03 crore Vs Rs 265.12 crore
- **Supreme Petrochem Q2FY22 (Standalone, YoY):** Revenue up 72% at Rs 1,190.76 crore Vs Rs 694.05 crore Net profit up 47% at Rs 127.07 crore Vs Rs 86.15 crore Ebitda up 51% at Rs 176.01 crore Vs Rs 116.4 crore Margin 14.8% Vs 16.8% Declared interim dividend of Rs 4 per equity share
- **Shoppers Stop Q2FY22 (Consolidated, YoY):** Revenue up 1.16 times at Rs 642.07 crore Vs Rs 296.98 crore Net loss at Rs 3.58 crore Vs Rs 97.70 crore Ebitda gain of Rs 72.32 crore Vs Ebitda loss of Rs 38.15
- **Angel Broking (Consolidated, QoQ):** Gross addition in client base by 1.3 mn clients vs 1.2 mn clients in Q1FY22 Total Income up 13.4% at Rs 538.2 cr vs Rs 474.5 cr EBIDTA up 10.6% at Rs 183.9 cr vs Rs 166.3 cr PAT up 10.6% at Rs 134.3 cr vs Rs 121.4 cr

Results Today

- Asian Paints, JSW Steel, Biocon, 63 Moons Technologies, Agro Tech Foods, Borosil Renewables, Can Fin Homes, CG Power and Industrial Solutions, Container Corporation of India, ICICI Lombard General Insurance Company, IDBI Bank, Indian Energy Exchange, IIFL Securities, Indian Hotels, IndiaMART InterMESH, Duncan Engineering, Gateway Distriparks, Heritage Foods, Jubilant Industries, Lemon Tree Hotels, LIC Housing Finance, Bank of Maharashtra, Mphasis, Music Broadcast, Rane Engine Valve, Sasken Technologies, South Indian Bank, Sterlite Technologies, Tanla Platforms, Trident, TVS Motor Company, and VST Industries

Indian Macro

- Prime Minister Narendra Modi will inaugurate the Infosys Foundation Vishram Sadan at National Cancer Institute (NCI) in the Jhajjar campus of AIIMS, New Delhi, via video conferencing on Thursday. He will also deliver an address after the inauguration. The 806-bed Vishram Sadan has been constructed by Infosys Foundation, as part of Corporate Social Responsibility, to provide air conditioned accommodation facilities to the accompanying attendants of cancer patients, who often have to stay in hospitals for longer duration. It has been constructed by the Foundation at a cost of about ₹93 crore. It is located in close proximity to the hospital & OPD Blocks of NCI. Union Health & Family Welfare Minister, Mansukh Mandaviya, Haryana Chief Minister Minister Manohar Lal Khattar and Chairperson of Infosys Foundation, Sudha Murthy, will also be present on the occasion.

Global Macro

- The offshore yuan appreciated past 6.4 per US dollar in October, hovering around its strongest level in four months, as the PBOC set its fixing rate at a fresh 4-month high of 6.3890 yuan per dollar on Thursday. China also kept its benchmark lending rate unchanged for an 18th straight month on Wednesday, despite pressures of monetary easing amid a slowing economy. The PBOC meanwhile injected another 100 billion yuan through seven-day reverse repos for a second day on

Thursday, up from 10 billion yuan in the previous days. Chinese government authorities have so far opted for targeted tools to combat a slowing economy, easing expectations of a cut to banks' reserve requirement ratio.

- The People's Bank of China (PBOC) injected a total CNY 100 billion of seven-day reverse repos into the banking system for the second straight day at an interest rate of 2.2 percent on October 21st. The move aims to counteracting factors including tax payments and government bond issuance in order to keep banking system liquidity reasonably ample, according to a statement on the website of the central bank.
- US crude oil inventories fell by 0.431 million barrels in the week ending October 15th, the first decline in four weeks and compared with market forecasts of a 1.857 million increase, data from the EIA Petroleum Status Report showed. Meanwhile, gasoline inventories were down by 5.368 million barrels, more than an expected 1.267 million drop.
- US Gasoline futures slipped more than 1% from a 7-year high of \$2.5 per gallon hit on October 18th on hopes that Beijing will take steps to control the energy crunch in the country, which has broadly lowered prices of commodities, including oil and coal. Still, demand for petrol remains strong as API figures showed US gasoline inventories shrank by 3.51 million barrels last week. Elsewhere, gasoline sales in the world's third largest oil consumer India, reached 1.05 million tonnes in October, a 2% monthly increase and up 8.3% from the same month in 2019.

	S1	S2	PIVOT	R1	R2
ADANIAPORTS	784	768	794	810	819
ASIANPAINT	3135	3094	3178	3219	3261
AXISBANK	793	782	804	815	825
BAJAJ-AUTO	3809	3778	3859	3891	3941
BAJAJFINSV	18301	18023	18682	18959	19341
BAJFINANCE	7641	7479	7737	7899	7996
BHARTIARTL	692	670	703	724	735
BPCL	433	426	443	449	459
BRITANNIA	3679	3621	3798	3856	3975
CIPLA	899	893	906	912	919
COALINDIA	178	175	181	184	187
DIVISLAB	5027	4957	5159	5229	5362
DRREDDY	4687	4639	4766	4814	4892
EICHERMOT	2606	2564	2658	2700	2753
GRASIM	1677	1658	1700	1719	1742
HCLTECH	1211	1194	1237	1254	1280
HDFC	2762	2734	2801	2828	2867
HDFCBANK	1658	1644	1679	1693	1713
HDCLIFE	698	689	704	712	718
HEROMOTOCO	2781	2755	2829	2855	2903
HINDALCO	502	496	517	523	537
HINDUNILVR	2431	2394	2508	2545	2622
ICICIBANK	739	733	748	755	764
INDUSINDBK	1182	1157	1198	1224	1240
INFY	1770	1755	1809	1824	1863
IOC	129	127	131	133	136
ITC	243	240	246	250	252
JSWSTEEL	676	665	686	696	706
KOTAKBANK	1999	1975	2022	2046	2069
LT	1774	1749	1821	1846	1894
M&M	887	876	906	917	936
MARUTI	7533	7448	7600	7685	7753
NESTLEIND	18694	18298	19447	19844	20597
NTPC	144	142	147	149	153
ONGC	152	150	156	158	161
POWERGRID	191	189	196	198	202
RELIANCE	2678	2659	2710	2729	2762
SBILIFE	1146	1127	1174	1193	1221
SBIN	489	474	498	513	523
SHREECEM	27230	26898	27628	27961	28359
SUNPHARMA	801	791	818	829	845
TATACONSUM	814	804	833	844	862
TATAMOTORS	477	461	487	503	513
TATASTEEL	1319	1298	1348	1369	1397
TCS	3582	3554	3606	3634	3658
TECHM	1510	1483	1543	1571	1604
TITAN	2369	2335	2437	2471	2540
ULTRACEMCO	7030	6952	7170	7247	7387
UPL	705	696	720	729	744
WIPRO	690	679	706	717	733

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.

Cholamandalam Securities Limited
Member: BSE, NSE, MSE
Regd. Office: Dare House,2 (Old) # 234 N.S.C Bose Road, Chennai – 600 001.
Website: www.cholawealthdirect.com
Email id – customercarewm@chola.murugappa.com
CIN U65993TN1994PLC028674

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RESEARCH			
Kedar S Kadam	DGM & Head of Research	+91-44 - 4004 7361	kedarsk@chola.murugappa.com
Mugilan K	Technical Analyst	+91-44 - 4004 7353	mugilank@chola.murugappa.com
Arjun Prasad Pasumarthi	Fundamental Analyst	+91-44 - 4004 7363	arjunpp@chola.murugappa.com
Nilesh Patil	Fundamental Analyst	+91-44 - 4004 7266	nileshmp@chola.murugappa.com
Ammar Haider	Associate	+91-44 - 4004 7360	amarh@chola.murugappa.com
Balaji H	Compliance Officer	044-30007226	balajih@chola.murugappa.com
Gayathri Devi	Customer service	1800 425 4477	gayathrids@chola.murugappa.com

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Cholamandalam Securities Limited

(A subsidiary of Cholamandalam Investment and Finance Company Ltd.)

Dare House, 2, N.S.C. Bose Road, Parrys, Chennai 600001, India

Tel: 91.44.30007172 / 91.44.30007370 Fax: 91.44.30007373

Website: www.cholawealthdirect.com

CIN – U65993TN1994PLC028674