

Morning Call

06 September 2021

Indices	Close	Previous	Chg. %
Sensex Index	58,130	57,853	0.48%
Nifty Index	17,324	17,234	0.52%
NSEBANK INDEX	36,761	36,831	-0.19%
NSEAUTO INDEX	10,125	10,022	1.02%
NSEIT INDEX	34,891	34,680	0.61%

Market depth	Advance	Decline	T/O(bn)
NSE	1,024	956	636
BSE	1,668	1,532	48

Indices	Close	Previous	Chg. %
DJIA	35,369	35,444	-0.21%
NASDAQ	15,364	15,331	0.21%
S&P 500	4,535	4,537	-0.03%
DAX	15,781	15,841	-0.37%
CAC 40	6,690	6,763	-1.08%
FTSE 100	7,138	7,164	-0.36%
HANG SENG	25,902	26,090	-0.72%
SSE INDEX	3,582	3,597	-0.43%
NIKKIE 225	29,128	28,544	2.05%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
RELIANCE	4.2	HDFCLIFE	-3.3
ONGC	4.0	CIPLA	-1.5
COALINDIA	3.5	BHARTIARTL	-1.3
TITAN	2.7	HINDUNILVR	-1.0
IOC	2.5	HDFC	-0.8

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	36.9	44.3	-7.4
STOCK FUT	138.9	144.8	-5.9

Markets hit fresh record highs despite mixed global cues ahead of a key U.S. jobs report later in the day

- Heavyweight Reliance Industries jumped as much as 4.2 percent to hit a record high as Reliance Retail completed the acquisition of Just Dial.
- ONGC jumped 4 percent after oil prices rose more than \$1 a barrel on Thursday amid optimism that the oil market can absorb additional supply from OPEC+ as the U.S. Gulf grapples with Hurricane Ida's impact.

Global & Asian market overview

- **European stocks** closed lower, weighed down by some disappointing regional economic data, and a report showing a much smaller than expected increase in U.S. jobs growth in the month of August.
- **US stocks** With traders showing some uncertainty about the repercussions of the Labor Department's monthly jobs, stocks turned in a lackluster performance during trading. Despite the choppy trading, the tech-heavy Nasdaq reached a new record closing high.
- **Asian stocks** ended mixed as investors awaited the release of U.S. jobs data for clues about the Federal Reserve's timelines for asset purchase tapering and interest rate hikes.

Industry Buzz

- **Dr. Reddy's Laboratories:** The company, along with its subsidiaries, has entered into a definitive agreement with Citius Pharmaceuticals, Inc. to sell its rights to anti-cancer agent E7777 and certain related assets. Dr. Reddy's will receive \$40 million upfront upon the closing of the transaction, followed by approval milestone payment of up to \$40 million related to the cutaneous T-cell lymphoma indication approval and up to \$70 million for additional indication approvals.

- **Mahindra & Mahindra Financial Services:** The company's disbursements in August were at Rs 2,150 crore, 57% higher from a year earlier. Collection efficiency was at about 97%, compared with 95% in July. The company witnessed a meaningful reduction in the NPA contracts in August as customer cash flows improved. It expects downward trajectory to continue in September and in months to come. Liquidity position comfortable as on date, Mahindra Financial said.
- **Reliance Industries:** The wholly owned subsidiary of the company, Reliance Strategic Business Ventures, has acquired 2.28 crore equity shares of Strand Life Sciences for Rs 393 crore. A further investment of up to Rs 160 crore is expected to be completed by March 2023. The total investment will translate into 80.3% of equity share capital in Strand on a fully diluted basis. The investment is part of Reliance's digital health initiatives.
- **HealthCare Global Enterprises:** The company has divested its entire equity holding of 34.5% (on fully diluted basis) in Strand Life Sciences to Reliance Strategic Business Ventures for Rs 157 crore. The company has also acquired Hospital Lab

Management and Clinical Research Site Management business through a Business Transfer Agreement from Strand for Rs 81 crore with a set-off of Rs 7 crore towards receivables.

- **ICICI Lombard General Insurance Company:** IRDAI has granted the final approval for the demerger of the general insurance business of Bharti AXA General Insurance Company to ICICI Lombard by way of a scheme of arrangement. The demerger and transfer of general insurance business, as envisaged in the scheme, shall be effective within three days from the date of the final approval, the insurer said. IRDAI has also granted approval to ICICI Bank to bring down its stake in ICICI Lombard to 30%.
- **Jindal Steel and Power:** Shareholders have approved divestment of entire shareholding of the company in its subsidiary Jindal Power. More than 90% of the minority shareholders voted in the favour of the deal.
- **HFCL:** The board has approved raising up to Rs 750 crore by way of issue of equity shares/preference shares/bonds/debentures/non-convertible debt instruments/warrants/any other securities.
- **PNB:** The meeting of board of directors to consider the proposal for raising of capital through issuance of Basel-III Compliant Additional Tier-1 Bonds and/or Tier-II Bonds or combination thereof has been re-scheduled to September 10.
- **Engineers India:** The company has received an order worth Rs 1,039 crore from Chennai Petroleum Corporation. Engineers India has been entrusted with execution of EPCM-1 with MPMC and EPCM-3 services for 9 MMTPA Cauvery Basin Refinery project in Tamil Nadu.
- **Force Motors:** The company's total production in August stood at 2,148 units. It reported domestic sales of 1,487 units and exports of 500 units.
- **Jammu & Kashmir Bank:** RBI has accorded approval to Government of Jammu and Kashmir to acquire 16.76 crore fully paid-up equity shares on preferential basis, representing 74.24% of equity capital of the bank, subject to compliance of regulatory requirements.

Indian Macro

- In the second week of August, the Uttar Pradesh government released Rs 26,000 crore — 75 percent of the dues — it owed to the sugarcane farmers for the 2020-21 crushing season. The 4 million sugarcane farmers in the largest sugar-producing state were staring at an economic crisis the last six months. While the Yogi Adityanath government's move is welcome, steps have to be taken to solve the systemic issues that farmers face in general — and women farmers in particular. In March, a group of 700 small-holder sugarcane farmers, including women farmer groups, from Lakhimpur Kheri, Muzaffarnagar and Meerut drew up a Charter of Demands to address issues farmers have been facing for years. The charter included redress of issues faced by women farmers as well.
- India's dominant services industry returned to growth in August, expanding at its fastest pace since the pandemic began, as businesses reopened amid improved vaccination rates, a survey showed on Friday, although firms continued to cut jobs. Despite the impact of the second wave of the COVID-19 pandemic, India's economic growth reached a record 20.1% in the June quarter but analysts have said vaccination coverage remains crucial to sustaining the recovery. The IHS Markit Services Purchasing Managers' Index rose to 56.7 in August — its strongest pace since the pandemic hit the country in March 2020 and well above the 50-level that separates growth from contraction.
- India and the UK on Thursday agreed on a USD 1.2 billion investment in green projects and renewable energy to boost India's green growth ambitions at the 11th India-UK Economic and Financial Dialogue between Finance Minister Nirmala Sitharaman and her British counterpart Rishi Sunak, driving forward the bilateral agenda of an Enhanced Trade Partnership. Sitharaman and Sunak, who met virtually for the annual summit, signed off the USD 1.2-billion package of public and private investment in green projects and renewable energy in India.

Global Macro

- After initially rising to above \$70 a barrel on Friday crude oil fell more than 1% as a weaker dollar and supply disruptions were not enough to outweigh investors' concerns about the pace of economic recovery. The US economy added 235K jobs in August of 2021, the lowest in 7 months and well below forecasts of 750K likely due to a surge in COVID-19 infections. Meanwhile, roughly 1.7 million barrels per day of oil production remain shut in the Gulf of Mexico, after Hurricane Ida damaged offshore platforms and EIA data showed US crude inventories fell for a 4th straight period. Still, on a week, crude gained 0.8%.

	S1	S2	PIVOT	R1	R2
ADANIAPORTS	746	737	754	762	770
ASIANPAINT	3304	3266	3324	3362	3383
AXISBANK	789	777	799	811	821
BAJAJ-AUTO	3722	3681	3766	3807	3850
BAJAJFINSV	16583	16422	16721	16883	17021
BAJFINANCE	7474	7421	7514	7567	7608
BHARTIARTL	650	644	660	666	675
BPCL	484	475	489	498	503
BRITANNIA	4081	4046	4108	4143	4170
CIPLA	925	912	944	957	976
COALINDIA	144	140	146	149	151
DIVISLAB	5132	5070	5198	5260	5326
DRREDDY	4876	4846	4893	4923	4940
EICHERMOT	2721	2645	2789	2865	2933
GRASIM	1498	1481	1509	1525	1536
HCLTECH	1163	1150	1172	1186	1194
HDFC	2734	2717	2759	2777	2801
HDFCBANK	1562	1550	1580	1591	1610
HDCLIFE	724	715	736	744	756
HEROMOTOCO	2758	2704	2786	2840	2868
HINDALCO	454	445	459	468	474
HINDUNILVR	2746	2724	2777	2798	2830
ICICIBANK	719	715	725	730	736
INDUSINDBK	989	977	1009	1021	1041
INFY	1690	1676	1698	1711	1719
IOC	111	109	112	115	116
ITC	210	209	210	211	212
JSWSTEEL	684	677	690	697	702
KOTAKBANK	1776	1760	1794	1810	1828
LT	1679	1659	1692	1711	1724
M&M	744	739	751	756	763
MARUTI	6766	6656	6862	6972	7068
NESTLEIND	20089	19974	20216	20331	20458
NTPC	116	116	117	118	118
ONGC	121	118	122	126	127
POWERGRID	175	173	176	177	178
RELIANCE	2343	2277	2369	2436	2462
SBILIFE	1230	1214	1242	1257	1269
SBIN	428	425	431	434	437
SHREECEM	30086	29710	30338	30714	30967
SUNPHARMA	782	776	790	795	803
TATACONSUM	862	857	868	874	879
TATAMOTORS	293	290	295	297	299
TATASTEEL	1422	1401	1437	1458	1474
TCS	3809	3781	3833	3861	3885
TECHM	1430	1415	1440	1455	1465
TITAN	1994	1955	2009	2048	2063
ULTRACEMCO	7839	7777	7934	7997	8092
UPL	745	740	753	758	766
WIPRO	651	647	654	658	661

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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