

Morning Call

19 October 2021

Indices	Close	Previous	Chg. %
Sensex Index	61,766	61,306	0.75%
Nifty Index	18,477	18,339	0.76%
NSEBANK INDEX	39,685	39,341	0.87%
NSEAUTO INDEX	11,815	11,800	0.12%
NSEIT INDEX	36,306	35,745	1.57%

Market depth	Advance	Decline	T/O(bn)
NSE			103
BSE	1,758	1,696	71

Indices	Close	Previous	Chg. %
DJIA	35,259	35,295	-0.10%
NASDAQ	15,022	14,897	0.84%
S&P 500	4,486	4,471	0.34%
DAX	15,474	15,587	-0.72%
CAC 40	6,673	6,728	-0.81%
FTSE 100	7,204	7,234	-0.42%
HANG SENG	25,410	25,331	0.31%
SSE INDEX	3,568	3,572	-0.12%
NIKKIE 225	29,025	28,551	1.66%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
HINDALCO	5.2	M&M	-2.2
INFY	4.8	HCLTECH	-2.1
TECHM	3.7	DRREDDY	-1.8
JSWSTEEL	3.3	ASIANPAINT	-1.7
TATAMOTORS	2.5	BRITANNIA	-1.4

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	42.4	47.5	-5.1
STOCK FUT	233.7	246.9	-13.2

Markets rose and key benchmark indexes hit fresh record highs

- PSU Banks saw another day of healthy gains, with Indian Bank, Bank of Baroda, Punjab National Bank and Union Bank of India adding 4-9 percent.
- On the losing side, Britannia Industries, Asian Paints, Dr Reddy's Laboratories, HCL Technologies and Mahindra & Mahindra fell 1-2 percent.

Global & Asian market overview

- **European stocks** closed on a weak note after languishing in negative territory right through the day's session as data showed a marked slowdown in Chinese economic growth amid power shortages and supply chain bottlenecks.
- **US stocks** After moving notably higher last week, the major U.S. stocks indexes turned in a mixed performance during trading. The Dow edged modestly lower, while the broader Nasdaq and S&P 500 moved to the upside.
- **Asian stocks** fluctuated before ending on a subdued note after data showed the Chinese economy and factory output slowed faster than expected. Inflation concerns and uncertainty over the fate of heavily indebted property firm China Evergrande Group also kept underlying sentiment cautious.

Industry Buzz

- **Edelweiss Financial Services:** Edelweiss Group has announced divestment of its majority stake in Edelweiss Gallagher Insurance Brokers. IRDAI has approved the divestment. The business will transition to the Gallagher brand in the coming months. Edelweiss Group to focus on developing its life and non-life insurance businesses.

- **State Bank of India:** RBI has imposed Rs 1 crore penalty on the bank. Penalty due to non-compliance with directions on fraud classification and reporting. Bank was found to have delayed reporting of fraud in a specific account. Further, the bank's committee has accorded approval to allot 6,000 Basel III compliant fully paid-up debt instruments in the nature of debentures qualifying as AT 1 Capital of the bank of face value of Rs 1 crore each, bearing a coupon of 7.72% per annum, aggregating to Rs 6,000 crore to bond subscribers.
- **Dixon Technologies (India):** Padget Electronics, a subsidiary of the company, and Orbic, a U.S. based smartphone manufacturer have entered into an agreement for manufacturing of smartphones at Padget's manufacturing facility situated at Noida.
- **Manappuram Finance:** Jagdish Capoor has resigned as independent non-executive director and chairman of the company effective October 18, 2021.
- **Indian Energy Exchange:** Board to meet on October 21 to consider the proposal of bonus issue of equity shares.

- **TTK Prestige:** To consider sub-division of equity shares of face value of Rs 10 each on October 27.
- **HG Infra Engineering:** The company has been declared as L-1 bidder by National Highways Authority of India for two HAM projects.

Earnings Update

- **L&T Infotech Q2FY22 (Consolidated, QoQ):** Revenue up 9% at Rs 3,767 crore Vs Rs 3,462.50 crore \$ Revenue up 8.3% at \$509 million Constant currency revenue growth of 8.9% Net profit up 11% at Rs 551.70 crore Vs Rs 496.80 crore Ebit up 14% at Rs 648.20 crore Vs Rs 568.2 crore Margin at 17.21% Vs 16.41% Declared an interim dividend of Rs 15 per share for FY22
- **Hatsun Agro Products Q2FY22 (YoY):** Revenue up 23% at Rs 1,635.41 crore Vs Rs 1,326.99 crore Net profit up 25% at Rs 82.09 crore Vs Rs 65.78 crore Ebitda up 8% at Rs 209.21 crore Vs Rs 193.58 crore Margin at 12.8% Vs 14.6% The company has entered in to a fresh agreement with Swelect Renewable Energy for purchase of solar power under captive user model
- **Craftsman Automation Q2FY22 (Consolidated, YoY):** Revenue up 54% at Rs 571.01 crore Vs Rs 370.72 crore Net profit up 1.19 times at Rs 49.96 crore Vs Rs 22.83 crore Ebitda up 42% at Rs 143.60 crore Vs Rs 101.62 crore Margin at 25.1% Vs 27.3%
- **Route Mobile Q2FY22 (Consolidated, YoY):** Revenue up 25% at Rs 435.67 crore Vs Rs 349.27 crore Net profit up 28% at Rs 42.17 crore Vs Rs 32.87 crore Ebitda up 34% at Rs 56 crore Vs Rs 41.81 crore Margin at 12.85% Vs 11.97%

Results Today

- Hindustan Unilever, Nestle India, 5paisa Capital, ACC, Consolidated Construction Consortium, DCM Shriram, Heidelbergcement India, ICICI Prudential Life Insurance Company, ICICI Securities, JSW Ispat Special Products, Jubilant Ingrevia, L&T Technology Services, Mastek, Navin Fluorine International, Nelco, Network18 Media & Investments, Oriental Hotels, Rallis India, Rane Brake Lining, Shakti Pumps, Standard Industries, Sonata Software, Tata Steel Bsl, and TV18 Broadcast

Indian Macro

- Export of oilmeal, used as animal feed, declined 36 per cent year-on-year to 1.83 lakh tonne in September on account of the domestic shortage of the oilmeal products, industry body SEA said. To meet local shortage the government has allowed the import of genetically modified (GM) soyameal, and it should give some relief to the poultry industry, it said in a statement. Oilmeals are used as animal feed in poultry and other sectors. Oilmeal exports stood at 2.87 lakh tonne in September 2020. According to the latest data released by the Solvent Extractors' Association (SEA), soyameal exports declined sharply to 5,831 tonnes in September this year from 68,576 tonnes in the year-ago period.
- Exports of tea from India registered a fall of around 14.4 percent in the first seven months of 2021 as compared to the same period last year. Total exports of the beverage during January to July of 2021 was 100.78 million kilograms as against 117.56 million kilograms in the same period of 2020, according to Tea Board data. Though the CIS block remained the largest importer of tea at 24.14 million kilograms, down from 30.53 million kilograms in the previous similar period. Though shipments to Iran was substantially down due to the sanctions, the Persian country imported 12.63 million kilograms in the first seven months of this year, as against 21 million kilograms in 2020. Exports to China were also lower at 3.29 million kilograms from 5.74 million kilograms in the first seven months of 2020. Offtake by UK was also less during the period, the data showed at 3.12 million kilograms in the current period.
- The Finance Ministry is likely to meet the representatives of global rating agency Fitch this week seeking a rating upgrade, CNBC TV-18 reported citing anonymous sources. Fitch Ratings had cut India's economic growth forecast to 8.7 percent for the current fiscal but raised GDP growth projection for FY23 to 10 percent, saying the second COVID-19 wave delayed rather than derail the economic recovery. In its APAC Sovereign Credit Overview, Fitch Ratings said India's 'BBB-

/Negative' sovereign rating "balances a still-strong medium-term growth outlook and external resilience from solid foreign-reserve buffers, against high public debt, a weak financial sector and some lagging structural factors".

- Amid a rise in prices of three key vegetables, the Centre on Sunday said onion prices are being stabilised with the release of buffer stock, while efforts are on to soften the rates of tomato and potato. Onion stocks are being released in the market on the first-in-first-out basis in a calibrated manner from the last week of August in a bid to moderate prices and ensure minimum storage loss, it said. As a result of this, the retail onion price was ruling in the range of Rs 42-57 per kg in metros on October 14. The all-India average retail price of onion was ruling at Rs 37.06 per kg, while the average wholesale rate was Rs 30 per kg on October 14, it added.

Global Macro

- The United States recorded a capital and financial account surplus of USD 91 billion in August of 2021, the 10th straight month of increases, following an upwardly revised USD 164.1 billion in the previous month. Foreign investors bought USD 30.7 billion in Treasuries in August, compared with an inflow of USD 10.2 billion in July. Meanwhile, foreigners bought USD 79.3 billion of long-term US securities, after purchasing USD 2 billion in the previous month.
- The yield on UK 10-year government bonds rebounded to 1.14%, close to an over 2-year high of 1.22% hit on October 11th, amid a global bond selloff, as mounting price pressures fueled expectations that major central banks will start tightening monetary policy soon. In the UK, traders bet on an interest rate hike by the Bank of England as soon as 2021, following remarks from Governor Andrew Bailey admitting that central bank action was needed to prevent high inflation expectations from becoming entrenched. Still, Governor Bailey reaffirmed that the recent buildup of inflationary pressures is temporary and said central banks don't have the tools to counter supply disruptions. The Bank of England sees annual inflation surpassing 4% in 2021, more than double the central bank's target.

	S1	S2	PIVOT	R1	R2
ADANIPOINTS	797	791	814	820	837
ASIANPAINT	3216	3198	3250	3268	3302
AXISBANK	805	795	813	823	831
BAJAJ-AUTO	3861	3806	3915	3969	4024
BAJAJFINSV	18411	18209	18756	18959	19303
BAJFINANCE	7725	7639	7888	7975	8137
BHARTIARTL	669	663	686	691	708
BPCL	458	455	464	467	473
BRITANNIA	3775	3732	3867	3910	4002
CIPLA	895	889	905	911	922
COALINDIA	183	181	185	187	190
DIVISLAB	5275	5239	5350	5385	5460
DRREDDY	4814	4785	4894	4923	5004
EICHERMOT	2798	2771	2839	2866	2908
GRASIM	1723	1708	1761	1775	1813
HCLTECH	1196	1177	1234	1254	1292
HDFC	2775	2752	2812	2835	2872
HDFCBANK	1646	1627	1685	1703	1743
HDCLIFE	694	683	700	711	717
HEROMOTOCO	2873	2858	2912	2927	2965
HINDALCO	530	516	541	556	567
HINDUNILVR	2635	2621	2657	2671	2693
ICICIBANK	735	725	742	752	759
INDUSINDBK	1200	1181	1215	1234	1249
INFY	1769	1725	1784	1828	1843
IOC	134	133	137	138	141
ITC	258	254	262	266	270
JSWSTEEL	700	682	714	732	745
KOTAKBANK	1992	1980	2019	2031	2058
LT	1771	1762	1791	1799	1819
M&M	886	872	922	936	972
MARUTI	7500	7302	7603	7800	7903
NESTLEIND	19210	19025	19405	19590	19785
NTPC	148	147	150	151	153
ONGC	160	159	163	164	167
POWERGRID	199	197	204	207	212
RELIANCE	2666	2623	2706	2749	2788
SBILIFE	1178	1164	1199	1212	1233
SBIN	492	487	497	502	506
SHREECEM	28007	27804	28154	28357	28504
SUNPHARMA	828	820	839	846	858
TATACONSUM	836	828	849	856	870
TATAMOTORS	499	491	512	521	533
TATASTEEL	1391	1374	1408	1425	1442
TCS	3623	3587	3638	3675	3689
TECHM	1450	1401	1468	1516	1535
TITAN	2543	2508	2611	2646	2713
ULTRACEMCO	7224	7091	7434	7566	7776
UPL	743	736	752	760	769
WIPRO	702	693	711	720	730

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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