

## Morning Call

24 August 2021

Indices	Close	Previous	Chg. %
Sensex Index	55,556	55,329	0.41%
Nifty Index	16,496	16,451	0.28%
NSEBANK INDEX	35,124	35,034	0.26%
NSEAUTO INDEX	9,759	9,905	-1.47%
NSEIT INDEX	33,920	33,351	1.70%

Market depth	Advance	Decline	T/O(bn)
NSE	443	1,622	633
BSE	747	2,508	57

Indices	Close	Previous	Chg. %
DJIA	35,336	35,120	0.61%
NASDAQ	14,943	14,715	1.55%
S&P 500	4,480	4,442	0.85%
DAX	15,853	15,808	0.28%
CAC 40	6,683	6,626	0.86%
FTSE 100	7,109	7,088	0.30%
HANG SENG	25,110	24,850	1.05%
SSE INDEX	3,477	3,427	1.45%
NIKKIE 225	27,494	27,013	1.78%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
HCLTECH	4.3	GRASIM	-3.1
TCS	2.1	ADANI PORTS	-2.8
NESTLEIND	2.0	M&M	-2.6
BAJAJFINSV	1.9	EICHERMOT	-2.3
ONGC	1.6	BAJAJ-AUTO	-2.3

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	54.8	51.7	3.1
STOCK FUT	462.1	434.9	27.2

### Markets rose, tracking firm global markets

- The rupee surged 17 paise to 74.22, tracking the dollar's weakness in overseas markets after Dallas Fed President Robert Kaplan on Friday said he might reconsider the need for an early start to tapering if the virus harms the economy.
- IT stocks were in focus today, with HCL Technologies climbing 4.3 percent after the company said it has signed a contract with German reinsurance group Munich Re to create a next-generation digital workplace for its workforce.

### Global & Asian market overview

- **European stocks** closed on a firm note, rebounding strongly after recording their biggest weekly loss in several months last week. Encouraging eurozone economic data and bargain hunting contributed to the uptick in the markets.
- **US stocks** closed on a strong note with several counters from across various sectors attracting buyers. Firm commodity prices and the U.S. drug regulator's nod to a Pfizer-BioNTech coronavirus vaccine aided sentiment.
- **Asian stocks** recovered from the lows amidst a recovery in crude oil prices and positive U.S. stock futures. All major benchmarks closed in the green despite investors anxiously awaiting the Federal Reserve's annual Jackson Hole conference later in the week for cues on possible asset purchase tapering timeline.

### Industry Buzz

- **Eicher Motors:** Board has re-appointed Siddhartha Lal as Managing Director for five years. The Board has approved a revised remuneration structure for Lal with a maximum cap of 1.5% of profits. Specific details of the remuneration to be shared via the postal ballot. The Board to go back to shareholders for approval through postal ballot.
- **Punjab & Sind Bank:** Appropriated accumulated losses of Rs 3,577.55 crore from Share Premium Account of the bank.

- **Maruti Suzuki India:** The Competition Commission of India has imposed a penalty of Rs 200 crore on the company for restricting discounts by dealers. The company was penalised for "indulging in anti-competitive conduct of Resale Price Maintenance in the passenger vehicle segment by way of implementing Discount Control Policy vis-à-vis dealers," the regulator said. CCI has also directed the company to cease and desist from indulging in anti-competitive practices.
- **Canara Bank:** Raised Rs 2,500 crore through QIP. The Board of Directors of the bank approved closure of the issue period for QIP on August 23 and the issue price of Rs 149.35 per equity share. The issue price is at a discount of 4% to the floor price of Rs 155.58 per equity share.
- **Indian Hotels Company:** Approved raising up to Rs 3,000 crore via rights issue. The Board also approved the formation of a Committee of Directors to decide on the terms and conditions of issue including the rights entitlement ratio, the issue price, record date, timing of the rights issue and other related matters.

- **Paisalo Digital:** Board to meet on August 31 to consider raising funds via issue of unsecured NCDs through private placement basis.
- **Adani Green Energy:** Board to meet on August 26 to consider raising funds via issue of securities including any senior secured or unsecured, senior or subordinated NCDs or any other permissible debt securities or by way of external commercial borrowings.
- **Adani Enterprises:** Ordefence Systems, a step-down subsidiary of the company, has incorporated a company named PLR Systems (India). It has been incorporated with the objective to undertake the manufacture of defence and security equipment.
- **JSW Steel:** ICRA has upgraded the credit rating of Long-Term Bank Facilities and NCDs to AA/stable from AA-.
- **Cadila Healthcare:** Aims to make 100M-120M Covid vaccine doses annually.

## Indian Macro

- Jayanth Varma is the only member in the Monetary Policy committee (MPC) who voted against the continuation of accommodative stance in the August round of monetary policy review. Except Varma, all other five members voted in favour to continue with the accommodative stance "as long as necessary" to revive and sustain growth and continue to mitigate the impact of COVID-19 on the economy while ensuring that inflation remains within the target going forward. According to the minutes of the monetary policy published on August 20, Varma said at a time when the economic recovery is still nascent, it is extremely important that monetary policy serves as an anchor of macroeconomic stability. By creating the erroneous perception that the MPC is no longer concerned about inflation and is focused exclusively on growth, the MPC may be inadvertently aggravating the risk that inflationary expectations will be disanchored. In that scenario, rising risk premia could cause long term rates to rise, Varma said.
- The ongoing changes in the financial sector are leading to battles not only between technology companies and financial companies but also between different financial centres. Post-Brexit, there was a rush by many European countries to position themselves as pan Europe financial centre. The French voted for Paris, the Germans for Frankfurt and the Dutch for Amsterdam. In a recent speech Joachim Wuermeling of Bundesbank (the German Central Bank) spoke on the need to synergize the strengths of the three financial centres and build a financial cluster of Europe. As we move from Europe to India, we see similar developments taking place. While Mumbai remains the numero uno financial centre with no competition in sight, the International Financial Service Centre Authority (IFSCA) is trying to shape an international financial centre in GIFT City, Gandhinagar (Gujarat). In 2019, the government had instituted IFSCA and appointed Injeti Srinivas as its chairperson. Typically, the banking sector forms the core of any financial centre and then other financial services develop around the core. In November 2020, IFSCA issued the first set of banking regulations replacing RBI's regulations which operated in the region since 2015. It specified the licensing conditions for establishing banks in the region, permissible activities, prudential norms, KYC and anti-money laundering norms and so on. IFSCA made amendments in the Banking regulation in July recently.

## Global Macro

- The IHS Markit US Manufacturing PMI fell to 61.2 in August of 2021 from 63.4 in July, below market forecasts of 62.5, preliminary estimates showed. The reading pointed to the slowest growth in factory activity in 4 months although it remained a robust one. New orders slowed slightly but the rate of growth was one of the most marked on record as client demand remained substantial. Material shortages and pressure on capacity led to a slowdown in output growth and an unprecedented deterioration in vendor performance led to the second-steepest rise in backlogs of work in the over 14-year series history. Also, difficulties retaining employees and finding suitable candidates led to the slowest rise in

workforce numbers in 2021 to-date. The rate of both input and output price inflation was the fastest on record. Nevertheless, strong client demand and hopes of softer price rises and reduced supply chain delays led to greater optimism regarding the outlook for output over the coming year.

- The Confederation of British Industry's order book balance stood at +18 in August 2021, little-changed from +17 in July and an over three-decade high of +19 hit in June, according to the latest monthly CBI Industrial Trends Survey. Also, the latest reading came in above market expectations of +16. UK manufacturing output volumes in the three months to August slowed from a record high (+26 vs +44 in July), mainly due to the motor vehicles sub-sector, which saw output go from rising a near-record pace to being flat. Meanwhile, total order books remained strong, at a broadly similar position to last month (+18 vs +17) despite a decline in export orders (-16 vs -7). Manufacturers also reported that stock adequacy worsened to its weakest on record, marking the third month in a row in which a new record-low outturn has been set. Expectations for output price growth over the next three months remained strong, close to the near-30 year high seen in June.

	S1	S2	PIVOT	R1	R2
ADANIPOINTS	655	646	673	682	700
ASIANPAINT	3021	2979	3092	3133	3205
AXISBANK	728	724	739	743	754
BAJAJ-AUTO	3597	3552	3692	3737	3833
BAJAJFINSV	15083	14896	15251	15438	15606
BAJFINANCE	6674	6624	6747	6797	6869
BHARTIARTL	611	598	621	634	644
BPCL	446	441	453	457	464
BRITANNIA	3803	3770	3884	3917	3998
CIPLA	887	878	898	907	917
COALINDIA	132	131	134	136	138
DIVISLAB	4815	4751	4852	4915	4952
DRREDDY	4461	4431	4530	4560	4629
EICHERMOT	2497	2472	2560	2585	2647
GRASIM	1404	1385	1452	1472	1519
HCLTECH	1139	1106	1159	1191	1211
HDFC	2698	2680	2728	2746	2777
HDFCBANK	1511	1497	1522	1535	1546
HDCLIFE	663	658	668	674	679
HEROMOTOCO	2648	2625	2679	2702	2734
HINDALCO	399	391	407	415	424
HINDUNILVR	2589	2553	2631	2667	2709
ICICIBANK	674	666	682	691	698
INDUSINDBK	969	949	984	1003	1019
INFY	1729	1720	1741	1750	1762
IOC	102	101	103	104	106
ITC	204	203	207	208	211
JSWSTEEL	666	646	683	702	720
KOTAKBANK	1703	1689	1714	1727	1738
LT	1556	1537	1588	1608	1639
M&M	750	742	772	780	802
MARUTI	6777	6730	6847	6894	6964
NESTLEIND	19698	19359	19897	20236	20434
NTPC	112	110	114	115	117
ONGC	110	108	111	114	115
POWERGRID	173	171	176	179	182
RELIANCE	2140	2115	2157	2182	2199
SBILIFE	1122	1109	1131	1144	1154
SBIN	403	396	408	414	420
SHREECEM	25532	25346	25991	26177	26636
SUNPHARMA	749	740	759	768	779
TATACONSUM	821	808	835	847	862
TATAMOTORS	270	266	279	284	293
TATASTEEL	1313	1262	1361	1412	1460
TCS	3579	3515	3626	3691	3737
TECHM	1398	1387	1420	1432	1454
TITAN	1848	1824	1871	1895	1918
ULTRACEMCO	7216	7115	7389	7490	7663
UPL	706	699	722	730	745
WIPRO	622	616	629	635	643

## 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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