

From Research Desk

16, May 2023

Equity Corner:

Positive Asian markets and US futures helped markets open in green. Thereafter it built into strength as session progressed. Closing hour witnessed profit taking by day-traders whereby, headline indices lost about 1/3rd of their day's gain. Buying was led by Tata Motors 2.89%, Hero motors 3.3%, ITC 1.75% while profit booking in last hour particularly in Maruti -0.95%, TCS -0.59% & Cipla -1.56% saw Nifty 50 lose 60 points from day's high to close up +84 (0.46%) points. Bank Nifty post flat opening traded firm closing up + 278(0.64%) points. Market breadth remained in favour of advancers through the session. Advance/Decline ratio for NSE stands at 1105/950. FII's have been aggressive buyers for 13th day in running. FII's were net buyers in cash of ~Rs.1,685 crores while DIIs sold around - Rs.191 crores.

Derivative Corner:

FII's added 14047 contracts of net long in index futures and 8,515 contracts of net long in stock futures. They added position in Index Call and Put options; net impact being +92,616 contracts of longs in favour of Put options while on writing side 1,13,620 contracts of net Put writing was done over call writing. Overall, a bullish stance.

Take on market's:

We expect near term (couple of weeks) consolidation with positive bias for Indian market. Banking, NBFC's, Cement, Engineering, Capital Goods, Infra and select pharmaceutical stocks is likely to be key drivers while IT stocks are forming a base. Relative out performance of Indian markets vis-à-vis global peers is shaping up well.

| Participant wise Open Interest | 15/05/2023 | 12/05/2023 | 15/05/2023 | 12/05/2023 |
|--------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Client Type | Net Position Index Futures | Net Position Index Futures | Net Position Stock Futures | Net Position Stock Futures |
| FII | -392 | -14,439 | 1,55,419 | 1,46,904 |
| Pro | 4,664 | -6 | 89,893 | 93,193 |

| Participant wise Open Interest | 15/05/2023 | 12/05/2023 | 15/05/2023 | 12/05/2023 |
|--------------------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|
| Client Type | Net Position Long Call - Put | Net Position Long Call - Put | Net Position Short Call - Put | Net Position Short Call - Put |
| FII | -2,23,200 | -1,30,584 | -2,73,938 | -1,60,318 |
| Pro | -3,48,401 | -2,04,294 | -6,73,377 | -4,08,880 |

| Commodity Corner | Currency/Per Unit | Price | Week on Week | MTD | YTD |
|------------------|-------------------|---------|--------------|---------|---------|
| Copper | USD/Lbs | 3.7331 | -4.05% | -3.78% | -0.98% |
| Aluminium | USD/T | 2267 | -2.28% | -4.14% | -1.90% |
| Zinc | USD/T | 2532 | -5.31% | -4.50% | -15.68% |
| Tin | USD/T | 24836 | -4.71% | -4.34% | -0.76% |
| Rubber | USD Cents/Kg | 137 | -1.37% | 1.56% | 3.40% |
| Coal | USD/T | 163.75 | -3.48% | -14.42% | -58.26% |
| Steel | CNY/T | 3689 | 0.19% | 1.21% | -8.06% |
| Gold | USD/t.0z | 2015.57 | -0.94% | 1.28% | 10.38% |
| Crude Oil | USD/Bbl | 71.663 | -2.81% | -7.13% | -7.33% |
| Agriculture | | | | | |
| Cotton | USD/Lbs | 82.1 | 0.71% | 2.38% | -1.18% |
| Wheat | USD/Bu | 661.85 | 5.14% | 6.55% | -14.81% |
| Rice | USD/cwt | 17.895 | -0.61% | 3.19% | -2.76% |
| Sugar | USD/Lbs | 26.29 | 0.77% | -2.77% | 33.42% |

| Indices | Close | Previous | Chg. % |
|------------|----------|----------|--------|
| Sensex | 62345.71 | 62,027.9 | 0.51% |
| Nifty | 18398.85 | 18,314.8 | 0.46% |
| BANK Nifty | 44072.1 | 43,793.6 | 0.64% |
| DJIA (Dow) | 33348.6 | 33,300.6 | 0.14% |
| NASDAQ | 12365.21 | 12,284.7 | 0.66% |
| S&P 500 | 4136.28 | 4,124.1 | 0.30% |
| DAX | 15917.24 | 15,913.8 | 0.02% |
| CAC 40 | 7418.21 | 7,414.9 | 0.05% |

| Sector Index | Close | Previous close | Change % |
|-----------------|----------|----------------|----------|
| PSU Bank | 4020.8 | 3,975.9 | 1.13% |
| Nifty IT | 28165.4 | 28,028.4 | 0.49% |
| Nifty FMCG | 49506.55 | 48,950.8 | 1.14% |
| Nifty Pharma | 12487.4 | 12,486.7 | 0.01% |
| Nifty Energy | 24040.2 | 24,040.2 | 0.00% |
| Nifty Metal | 5701.75 | 5,690.9 | 0.19% |
| Nifty Commodity | 5817.95 | 5,816.5 | 0.02% |
| Nifty PSE | 4806.95 | 4,770.4 | 0.77% |

| Bond Yields | Percentage |
|---------------|------------|
| US 10 year | 3.49% |
| US 2 year | 4.00% |
| India 10 year | 7.00% |

| FII Flows (Cash market - In Crores) | | |
|-------------------------------------|----------|----------|
| Current | MTD | YTD |
| 1,685.29 | 23718.36 | 12479.49 |

| Top 8 Nifty Gainers | Chg. % | Top 8 Nifty Losers | Chg. % |
|---------------------|--------|--------------------|--------|
| HEROMOTOCO | 3.04 | ADANIENT | -2.78 |
| TATAMOTORS | 2.83 | CIPLA | -1.71 |
| ITC | 1.89 | BPCL | -1.38 |
| TECHM | 1.58 | GRASIM | -1.28 |
| HINDALCO | 1.49 | DIVISLAB | -1.18 |
| HINDUNILVR | 1.36 | MARUTI | -1.03 |
| DRREDDY | 1.09 | ADANIPOINTS | -1.00 |
| INFY | 1.06 | TCS | -0.70 |

| Currencies | D/D | MTD | YTD |
|------------|--------|-------|--------|
| DXY | -0.23% | 0.77% | -1.99% |
| INR | 0.04% | 0.63% | -0.61% |

What's in the news !

▲ Positive ■ Neutral ▼ Negative

- ▲ **WPI Inflation:** For 11th straight month WPI inflation declines falling to negative -0.92% in April (YoY) from 1.34% in March'23. However, on month-on-month basis i.e., April over March it remained unchanged. The decline in inflation was broad based driven lower by fall in Crude prices, energy prices, food and non-food articles. Inflation in manufactured products declined to -2.42% in April from -0.77% in March and 1.94% in February. Earlier, retail inflation or CPI inflation has eased down to 4.7% in April from 5.7% in March. CPI inflation is at 18-month low. Under the flexible inflation targeting framework, the CPI-based inflation range is 2 - 6%. WPI and CPI readings for the month of April and their trajectory over past several months, provides sufficient elbow room to the RBI for interest rate cuts.
- ▲ **Windfall tax:** From Rs. 4,100 per tonne it has been slashed to nil. The waiver will come into effect from May 16. This tax was already nil on aviation turbine fuel (ATF), petrol and diesel. The same remains unchanged. In the last fortnightly meet it was reduced from Rs. 6,400 to Rs. 4,100 per tonne. **Positive for Reliance Industries – Accumulate.**
- ▲ **Kalyan Jewellers:** Kalyan Jewellers India Limited recorded a consolidated revenue of Rs 14,071 crore in FY23 as against Rs 10,818 crore in the previous year, a growth of over 30%. The consolidated PAT for FY23 was Rs 432 crore (+92% YoY), despite a one-time exceptional pre-tax write off of ~33 crore relating to the divestment of certain non-core assets. Excluding the write off, Adjusted PAT for the year more than doubled to Rs 457 crore, when compared to the previous financial year. Consolidated revenue for Q4FY23 was Rs 3,382 crore as against Rs 2,857 crore in the corresponding quarter of the previous year, a growth of ~18%. The company recorded EBITDA of Rs 257 crore during Q4 FY23 compared to Rs 218 crore in the same quarter of the previous year, a growth of ~18%.
- **Century Plyboards:** Century Plyboards, the plywood and laminate sheets manufacturer, reported a consolidated net profit of Rs. 114.7 crore in the quarter ended March 2023 up +29.5% YoY on account of higher other income. The company's consolidated revenue from operations in Q4FY23 rose 7.1% to Rs. 965.4 crore from Rs.901.1 crore, YoY. At the operational level, earnings before interest, tax, depreciation and amortization (EBITDA) increased 2% to Rs. 163.8 crore from Rs. 160.7 crore, YoY, while EBITDA margin contracted to 17% from 17.8%, YoY, however on sequential basis there's an improvement in operating margins.
- **Astral Ltd:** Astral Limited delivered consolidated top line growth of 17.4% and plumbing volume growth of 18.8% in FY 2022-23. Operating profit came in at Rs. 808 crores up +7.1% YoY. EBITDA margins were lower by ~100 bps. Higher depreciation and lower Ebitda margin led to PAT de-growth of -3.6% at Rs. 472 crores. Looking to the robust demand in southern market, Company is planning to put up a new green field plant at Hyderabad with capacity of 70,000 M.T. having expenditure outlay of approximately Rs. 100 Cr., to be completed in phased manner by FY 26.
- **PVR Inox:** Multiplex firm PVR Inox reported widening in net loss at Rs. -333 crore for the quarter ending March 31, 2023. It had reported net loss of Rs 105 crore in the year-ago period. Q4FY23 is the first quarter for the merged entity. However, the firm's revenue more than doubled to Rs 1,143 crore in Q4FY23 as against Rs 536 crore in Q4FY22. Revenue growth came from regional movies rather than mainstream Hindi movies. Management guided for operational synergies leading to cost savings of around Rs.225 crores over the next 12-24 months, as integration process completes. The company guided for opening of 150-175 more screens in FY'24.

Open Fundamental Calls (12 months)

| Company Name | Entry Price* | Target | M to M | Potential return |
|-----------------|--------------|--------|--------|------------------|
| Muthoot Finance | 1091 | 1550 | -2% | 45% |
| Maruti Suzuki | 8641 | 10629 | 7% | 15% |
| Eicher Motors | 3161 | 4375 | 16% | 20% |
| Ashok Leyland | 141 | 170 | 9% | 11% |

*Price at which call was generated

From Technical Analyst's Desk

NIFTY (18,399)

Support - 18,200
Resistance - 18,900

• Nifty closed strong for the day and is expected to continue its uptrend towards 18900.

| Recommendation | Trigger level | Target | Stoploss |
|----------------|------------------|--------|----------|
| Nifty Futures | Buy above 18,500 | 18,800 | 18,350 |

BANK NIFTY (44,072)

Support - 43,600
Resistance - 44,200

• BankNifty closed strongly for the day and is expected to continue its uptrend towards 44,200.

| Recommendation | Trigger level | Target | Stoploss |
|--------------------|------------------|--------|----------|
| Bank Nifty Futures | Buy above 44,100 | 44,700 | 43,800 |

Options recommendation

| Stock/Index | Recommendation | Type | Strike | Expiry | Premium | Target | Stop loss |
|-------------|----------------|------|--------|-------------|---------|--------|-----------|
| SBI | Buy | Call | 580 | 25May, 2023 | 13.20 | 18.00 | 11.00 |
| TCS | Sell | Put | 3260 | 25May, 2023 | 35.0 | 15.00 | 45.00 |

Top Pick for the day

| Company Name | Entry Price* | Target | Stop Loss | M to M | Potential Return |
|------------------|--------------|--------|-----------|--------|------------------|
| Prestige Estates | 508 | 545 | 490 | 0% | 7% |

Positional Calls (15 days)

| Company Name | Entry Price* | Target | Stop Loss | M to M | Potential Return |
|----------------------|--------------|--------|-----------|--------|------------------|
| Biocon | 249 | 268 | 240 | 0% | 8% |
| Bata India | 1521 | 1600 | 1480 | 1% | 4% |
| Havells India | 1252 | 1340 | 1210 | 4% | 3% |
| Glenmark | 575 | 625 | 550 | 6% | 3% |
| Amara Raja Batteries | 610 | 650 | 590 | 2% | 4% |
| Godrej CP | 990 | 1050 | 960 | 2% | 4% |
| Polycab | 3300 | 3500 | 3200 | 2% | 4% |

Futures Calls

| Position | Company Name | Entry Price* | Target | Stop Loss | M to M | Potential Return |
|----------|---------------------|--------------|--------|-----------|--------|------------------|
| LONG | ITC | 428 | 450 | 417 | 0% | 5% |
| LONG | Hero MotoCorp | 2640 | 2720 | 2600 | 2% | 1% |
| LONG | Tata Steel | 110 | 120 | 105 | -2% | 11% |
| LONG | ICICI Bank | 950 | 980 | 935 | 0% | 4% |
| LONG | Reliance Industries | 2480 | 2560 | 2440 | 0% | 3% |

*Price at which call was generated

Pivot Table - NIFTY 50

Trading Guideline

- ❖ 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 the first 30 minutes of trading.
- ❖ Opening Price is considered around the close of the Previousday. 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.

| | S1 | S2 | PIVOT | R1 | R2 |
|------------|-------|-------|-------|-------|-------|
| ADANIENT | 1922 | 1859 | 1944 | 2007 | 2028 |
| ADANIPTS | 693 | 683 | 697 | 707 | 712 |
| APOLLOHOSP | 4556 | 4525 | 4623 | 4654 | 4721 |
| ASIANPAINT | 3108 | 3091 | 3138 | 3155 | 3185 |
| AXISBANK | 905 | 902 | 912 | 916 | 923 |
| BAJAJ-AUTO | 4506 | 4491 | 4557 | 4572 | 4624 |
| BAJAJFINSV | 1416 | 1409 | 1423 | 1430 | 1437 |
| BAJFINANCE | 6682 | 6652 | 6716 | 6747 | 6780 |
| BHARTIARTL | 785 | 781 | 794 | 798 | 807 |
| BPCL | 358 | 354 | 361 | 366 | 369 |
| BRITANNIA | 4588 | 4576 | 4633 | 4645 | 4691 |
| CIPLA | 916 | 885 | 928 | 959 | 971 |
| COALINDIA | 232 | 230 | 236 | 238 | 242 |
| DIVISLAB | 3279 | 3237 | 3308 | 3351 | 3379 |
| DRREDDY | 4423 | 4392 | 4478 | 4509 | 4563 |
| EICHERMOT | 3589 | 3572 | 3647 | 3664 | 3722 |
| GRASIM | 1738 | 1718 | 1750 | 1770 | 1781 |
| HCLTECH | 1089 | 1084 | 1097 | 1102 | 1111 |
| HDFC | 2764 | 2755 | 2780 | 2789 | 2805 |
| HDFCBANK | 1660 | 1655 | 1670 | 1676 | 1686 |
| HDFCLIFE | 557 | 553 | 560 | 564 | 567 |
| HEROMOTOCO | 2549 | 2520 | 2634 | 2663 | 2748 |
| HINDALCO | 401 | 398 | 407 | 409 | 415 |
| HINDUNILVR | 2600 | 2587 | 2635 | 2647 | 2683 |
| ICICIBANK | 939 | 933 | 944 | 949 | 955 |
| INDUSINDBK | 1195 | 1182 | 1209 | 1222 | 1236 |
| INFY | 1234 | 1228 | 1251 | 1257 | 1274 |
| ITC | 416 | 413 | 422 | 425 | 432 |
| JSWSTEEL | 696 | 690 | 703 | 709 | 717 |
| KOTAKBANK | 1948 | 1938 | 1963 | 1973 | 1987 |
| LT | 2199 | 2184 | 2229 | 2244 | 2274 |
| M&M | 1268 | 1263 | 1278 | 1284 | 1293 |
| MARUTI | 9234 | 9149 | 9271 | 9356 | 9393 |
| NESTLEIND | 21660 | 21571 | 21840 | 21928 | 22109 |
| NTPC | 174 | 172 | 175 | 176 | 178 |
| ONGC | 164 | 163 | 166 | 167 | 168 |
| POWERGRID | 240 | 240 | 243 | 243 | 246 |
| RELIANCE | 2469 | 2455 | 2487 | 2500 | 2518 |
| SBILIFE | 1180 | 1174 | 1187 | 1194 | 1201 |
| SBIN | 573 | 569 | 579 | 583 | 588 |
| SUNPHARMA | 952 | 946 | 954 | 960 | 962 |
| TATACONSUM | 785 | 781 | 788 | 793 | 796 |
| TATAMOTORS | 508 | 507 | 523 | 524 | 538 |
| TATASTEEL | 105 | 104 | 107 | 108 | 109 |
| TCS | 3252 | 3229 | 3272 | 3296 | 3316 |
| TECHM | 1032 | 1023 | 1051 | 1060 | 1079 |
| TITAN | 2754 | 2740 | 2778 | 2792 | 2816 |
| ULTRACEMCO | 7674 | 7666 | 7724 | 7732 | 7783 |
| UPL | 675 | 672 | 678 | 681 | 684 |
| WIPRO | 381 | 380 | 384 | 386 | 389 |

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