

Morning Call

30 August 2021

Indices	Close	Previous	Chg. %
Sensex Index	56,125	55,949	0.31%
Nifty Index	16,705	16,637	0.41%
NSEBANK INDEX	35,628	35,618	0.03%
NSEAUTO INDEX	9,794	9,763	0.31%
NSEIT INDEX	34,310	34,041	0.79%

Market depth	Advance	Decline	T/O(bn)
NSE	1,214	778	533
BSE	1,866	1,366	46

Indices	Close	Previous	Chg. %
DJIA	35,456	35,213	0.69%
NASDAQ	15,130	14,946	1.23%
S&P 500	4,509	4,470	0.88%
DAX	15,852	15,794	0.37%
CAC 40	6,682	6,666	0.24%
FTSE 100	7,148	7,125	0.32%
HANG SENG	25,408	25,416	-0.03%
SSE INDEX	3,522	3,502	0.59%
NIKKIE 225	27,641	27,742	-0.36%

Nifty Gainers	Chg. %	Nifty Losers	Chg. %
ULTRACEMCO	3.4	INFY	-1.2
HINDALCO	3.4	INDUSINDBK	-1.1
SBILIFE	2.8	TATACONSUM	-0.8
LT	2.7	M&M	-0.8
DRREDDY	2.0	TECHM	-0.6

FII Derivatives	Buy (bn)	Sell (bn)	Net (bn)
INDEX FUT	35.4	31.2	4.2
STOCK FUT	133.5	114.3	19.2

Markets hit record highs

- The rupee reached a two-month high against the greenback despite geopolitical tensions and uncertainty over U.S. monetary policy.
- Dr Reddy's Laboratories, Larsen & Toubro, SBI Life, Hindalco and UltraTech Cement climbed 2-3 percent while Tata Consumer Products, IndusInd Bank and Infosys all fell around 1 percent.

Global & Asian market overview

- **European stocks** closed on a positive note, after U.S. Federal Reserve Chairman Jerome Powell said the central bank will begin reducing its bond purchases this year, but added that the bank is unlikely to hike interest rates anytime soon.
- **US stocks** closed firmly in positive territory, reacting to Federal Reserve Chairman Jerome Powell's remarks at the Jackson Hole symposium. The major averages all posted strong gains, with S&P and Nasdaq moving on to post fresh record closing highs.
- **Asian stocks** ended mixed as investors fretted over developments in Afghanistan and watched for any potential shift in U.S. Federal Reserve policy.

Industry Buzz

- **Bharti Airtel:** Plans to raise up to Rs 21,000 crore through a rights share issue as it looks to bolster its balancesheet before rolling out its 5G network.
- **Mahindra & Mahindra:** The Ministry of Defence has awarded a contract worth Rs 1,349.95 crore to Mahindra Defence Systems. The company will manufacture Integrated Anti-Submarine Warfare Defence Suite for modern warships of Indian Navy. It will supply 14 IADS systems for the Indian Navy warships.
- **Cipla:** UCB, University of Iceland sue Cipla to block Nayzilam copies
- **Punjab National Bank:** The government has extended Managing Director and Chief Executive Officer, Mallikarjuna Rao, term till January 31, 2022.
- **Vedanta:** To consider first mid-year dividend for FY22 on Sept. 1

- **Nazara Technologies:** Acquired 100% stake in Hyderabad-based skill gaming company OpenPlay Technologies for a total consideration of Rs 186.4 crore. The company acquired 10,000 equity shares of Rs 10 each from existing shareholders of OpenPlay, Sreeram Reddy Vanga and Unnati Management Consultants LLP. The OpenPlay acquisition offers an opportunity for Nazara to build a network of skill gaming destinations operating on one common tech platform under the proven leadership of Sreeram and his team, the company said.
- **Burger King India:** To buy up to 85% in Burger King Indonesia. The Indian company's offer to acquire up to 85% in PT Sari Burger, through secondary purchase and a further investment of up to \$40 million, was accepted by the Indonesian company's promoter F&B Asia Venture Singapore Pte. The offer values the operator of Burger King brand in Indonesia at a pre-money enterprise value of \$183 million on a cash free and debt free basis. Burger King India will also consider and negotiate various options available for funding the proposed transaction, which may include raising capital by issuing fresh equity shares.

- **Max Healthcare Institute:** Acquired exclusive rights to aid development and provide medical services to a 500-bed hospital to be built on a 3.5 acres of a prime land parcel in Saket (South Delhi) through its wholly owned subsidiary, Alps Hospital. Alps has acquired 100% stake in ET Planners in an all-cash deal of Rs 60.11 crore. ET Planners has an exclusive and long-term rights to provide medical services in key specialties and aid development of a Children's Hospital on this 3.5 acres of land, the company said. The first phase of the Hospital is expected to be commissioned in the year 2024.
- **Tech Mahindra:** The company's wholly owned subsidiary, Tech Mahindra (Americas) Inc., approved the proposal to acquire 13.8% equity shares in AustinGiS Inc. for \$1.25 million. The acquisition is expected to be completed by September 15. AustinGiS is a IoT/5G services provider that specializes in providing a wholistic IaaS solution offering.
- **IDBI Bank:** Board of Directors approved the plan for sale of the bank's 19.18% stake in Asset Reconstruction Company (India). The bank will sell its entire holding of 6.23 crore fully paid-up equity shares of ARCIL.
- **Nava Bharat Ventures:** Closed buyback of equity shares on August 27. The company has bought back 1.83 crore equity shares--at an average price of Rs 70.38 per equity share--for approximately Rs 129.29 crore.
- **BEML:** Allotted 4,000 Commercial Papers of face value of Rs 5 lakh each aggregating to Rs 200 crore on August 27. Further the President of India has appointed Amit Banerjee as Chairman and Managing Director of the company with effect from August 27.
- **Ramkrishna Forgings:** Board has approved raising up to Rs 500 crore via issuance of equity shares or bonds or any other securities.
- **Aurobindo Pharma:** Shareholders approved reappointment of N Govindarajan as Managing Director.
- **Bank of Maharashtra:** The Central government has extended the term of office of AS Rajeev as Managing Director and Chief Executive Officer of the bank for a period of two years. Rajeev's current term will come to an end on December 1, 2021, and the extended term will begin after that.
- **Hexaware Technologies:** Baring Asia will "most likely" accept Carlyle Group Inc.'s \$3 billion offer for the software firm, PTI reported Sunday, citing an unidentified investment banker negotiating the deal. The deal, which will be closed "very soon," would see Carlyle beat out rival bids of around \$2.5 billion, the unidentified person said. Other bidders include Bain Capital and France's Teleperformance.
- **Manappuram Finance:** Says considering various options for debt fund raising in September
- **RBL Bank:** Says glitch resolved that downed the online banking system.
- **Zomato:** Rated New Equal-Weight at Morgan Stanley; price target Rs 140. Also, rated new Buy at Goldman with a price target of Rs 180.

Indian Macro

- The country's foreign exchange reserves declined by \$2.47 billion to reach \$616.895 billion in the week ended August 20, RBI data showed. In the previous week ended August 13, 2021, the reserves had declined by \$2.099 billion to \$619.365 billion. The forex kitty had touched a lifetime high of \$621.464 billion in the week ended August 6, 2021. In the reporting week, the decrease in the reserves was due to a drop in the foreign currency assets (FCAs), a major component of the overall reserves, as per weekly data by the Reserve Bank of India (RBI).
- India Ratings and Research Friday said it expects the aggregate fiscal deficit of states in the country to moderate to 4.1 percent of GDP in the current financial year from its earlier expectation of 4.3 percent. In line with the slight moderation in its forecast for fiscal deficit in FY22, the agency expects the aggregate debt/GDP ratio to come in lower at 32.4 percent in FY22 as against the previous estimate of 34 percent. "We expect the aggregate fiscal deficit of Indian states to moderate to 4.1 percent of the gross domestic product (GDP)," the agency said in a report.
- India plans to emerge as a global leader in green hydrogen and the country is proposing to mandate using green hydrogen in fertilizer and in refining, power minister R K Singh has told the US Special Presidential Envoy for Climate (SPEC) John Kerry. In a telephonic conversation last evening, Singh also informed Kerry that India will invite bids for green hydrogen in the next 3-4 months to encourage viable usage of hydrogen as a fuel, according to a power ministry

statement. India is looking at bids for 4,000 MW of electrolysers capacity, it stated. As per the statement, Kerry has congratulated India on achievements in renewable energy on reaching 146GW Renewables with 63 GW under construction and 25 GW under bids.

- The Union government's asset monetisation programme, the National Monetisation Pipeline, will inject the much-needed dose of efficiency and consumer friendliness in India's creaky infrastructure, and steer the pandemic-ravaged economy away from the path of fiscal trouble. The step also carries forward the series of reforms implemented by the Bharatiya Janata Party (BJP)-led National Democratic Alliance (NDA) government, despite howls of protests from opposition parties that seem determined to block liberal economic policies and reforms, perhaps hoping that their negativity will strike a chord with the voters.

Global Macro

- Gasoline increased to a 4-week high of 2.3412 USD/Gal, after the official Energy Information Administration data showed US gasoline stocks fell by 2.242 million barrels last week, much more than forecasts of a 1.557 million decline. Gasoline prices were already building up on renewed prospects of improved demand after the FDA approval of the Pfizer/BioNTech covid-19 vaccine. Also, OPEC+ is not expected to boost crude output any time soon despite US pressure to add supplies.
- China Petroleum Chemical (SNP) released earnings per share at 2.35 USD, compared to market expectations of 2.42 USD.
- The British pound rose above \$1.375 on Friday, after US Federal Reserve Chairman Jerome Powell indicated that interest rate hikes aren't imminent as there is still "much ground to cover" before the economy hits full employment. Still, the Fed chief said the central bank is likely to begin tapering its \$120 billion in monthly bond purchases before the end of the year. At the same time, the Bank of England signaled earlier this month "some modest tightening" of monetary policy over the next two years was likely to be necessary if the economy continues to improve.

	S1	S2	PIVOT	R1	R2
ADANIPOINTS	721	717	727	731	736
ASIANPAINT	3020	3002	3039	3058	3077
AXISBANK	743	733	751	762	770
BAJAJ-AUTO	3663	3635	3706	3733	3777
BAJAJFINSV	15950	15629	16101	16422	16573
BAJFINANCE	6873	6796	6949	7025	7101
BHARTIARTL	578	571	592	599	612
BPCL	467	463	471	475	478
BRITANNIA	3904	3877	3939	3966	4000
CIPLA	913	901	919	931	937
COALINDIA	138	136	139	140	141
DIVISLAB	4856	4786	4895	4966	5005
DRREDDY	4541	4471	4576	4645	4681
EICHERMOT	2550	2530	2569	2589	2608
GRASIM	1447	1432	1457	1472	1483
HCLTECH	1157	1153	1163	1167	1174
HDFC	2685	2642	2705	2747	2767
HDFCBANK	1542	1537	1550	1555	1564
HDCLIFE	698	695	703	707	711
HEROMOTOCO	2649	2621	2664	2693	2708
HINDALCO	432	424	436	444	448
HINDUNILVR	2657	2634	2673	2696	2712
ICICIBANK	694	686	697	705	708
INDUSINDBK	983	978	992	997	1006
INFY	1696	1689	1712	1719	1734
IOC	105	105	106	106	107
ITC	205	204	206	207	208
JSWSTEEL	673	667	677	682	687
KOTAKBANK	1699	1682	1711	1727	1740
LT	1605	1567	1636	1673	1704
M&M	765	755	775	785	795
MARUTI	6581	6543	6638	6676	6732
NESTLEIND	19865	19779	19983	20069	20187
NTPC	112	111	113	114	115
ONGC	116	114	116	118	118
POWERGRID	173	171	174	176	177
RELIANCE	2212	2201	2227	2238	2254
SBILIFE	1160	1129	1177	1208	1224
SBIN	408	404	411	415	418
SHREECEM	26580	26225	26806	27161	27387
SUNPHARMA	762	751	770	781	788
TATACONSUM	838	833	849	855	866
TATAMOTORS	283	280	285	288	290
TATASTEEL	1373	1365	1384	1392	1402
TCS	3676	3624	3703	3754	3781
TECHM	1428	1417	1442	1454	1468
TITAN	1803	1784	1817	1836	1850
ULTRACEMCO	7415	7228	7505	7691	7781
UPL	718	710	730	738	751
WIPRO	628	621	632	639	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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