

From Research Desk
08, August 2023
Equity Corner:

- Nifty 50 index:** The index opened on a positive note with a gap-up of 59 points amid mixed global cues. The index traded in a narrow range of 50 points. As the session progressed, the index took support at 19,530 and rallied on the upside as buying was seen in counters such as DIVISLAB (+4.51%), M&M (+4.33%) and SUNPHARMA (+2.04%) which led the index cross the intra-day resistance of 19,600. The index has formed consecutive higher high and higher low pattern on daily scale as the session ended with a gain of 80 (+0.41%) points.
- Bank Nifty:** The banking index showed signs of underperformance as selling pressure was high in heavyweight counters such as SBIN (-0.86%), AXISBANK (-0.50%) and HDFCBANK (-0.07%) which led the index close on a flattish note with a loss of 42 (-0.09%) points.
- Market breadth:** The market breadth was positive; indicating overall strength in stock price during the session.
- Sectorial performance:** Majority of sectors outperformed such as IT (1.13%), PHARMA (1.56%), AUTO (0.41%) exception being; PSUBANK (-0.60%), BANKS (-0.09%) and MEDIA (-0.20%).
- Nifty Midcaps:** The midcaps showed signs of strength as the index has been outperforming for last few sessions with major participants from counters such as IRFC (+12.21%), MAXHEALTH (+8.81%) and RECLTD (+6.19%) led the index close up by 0.51%.
- Advance/Decline Ratio:** Advance/Decline ratio at close for NSE stood at 1130/944 indicating a higher number of advancing stocks compared to declining ones.
- FII and DII Activity:** FII's were net sellers in cash segment of around Rs. -1892 crores while DIIs bought around Rs. 1080 crores.

Derivative corner:

- Nifty OI Put/Call ratio:** Nifty OI Put/Call ratio has gone up from 1.04 to 1.18 levels.
- Options data:** The maximum Call OI is seen at 19,600 and 19,700 while maximum Put OI is seen at 19,500 and 19,400. This indicates that the market is expecting a trading range of 19,500 to 19,700 zones.
- FII Activity in Derivatives:** Short covering is seen in index futures. On options buying front; there has been addition of call buyers and on option writing front; net call-put writing is indicating more put writers. FII Long/Short ratio in index futures has marginally gone up from 44% to 45% indicating short covering.

Take on Market: Buy Corrections, stay put on Longs.

- Earnings:** The market is discounting the Q1FY24 earnings update by corporates which so far has been in line with analyst expectation (near mean). Financials have been an all-round beat.
- Market Outlook:** The current strategy is to buy on corrections and hold onto long positions. However, present volatility may extend to couple of weeks. Probability, of deep cuts on Nifty 50 index is high.
- Relative Outperformance:** The medium-term relative outperformance of Indian markets compared to global peers is likely to continue.

Indices	Close	Previous	Chg. %
Sensex	65,953.5	65,721.3	0.35%
Nifty	19,597.3	19,517.0	0.41%
BANK Nifty	44,837.5	44,879.5	-0.09%
DJIA (Dow)	35,473.1	35,065.6	1.16%
NASDAQ	13,994.4	13,909.2	0.61%
S&P 500	4,518.4	4,478.0	0.90%
DAX	15,950.8	15,951.9	-0.01%
CAC 40	7,319.8	7,315.1	0.06%

Sector Index	Close	Previous close	Change %
PSU Bank	4,392.8	4,419.1	-0.60%
Nifty IT	30,779.3	30,436.1	1.13%
Nifty FMCG	52,072.5	52,050.7	0.04%
Nifty Pharma	15,479.3	15,241.0	1.56%
Nifty Energy	26,266.3	26,252.1	0.05%
Nifty Metal	6,622.2	6,622.9	-0.01%
Nifty Commodity	6,284.1	6,278.7	0.09%
Nifty PSE	5,401.9	5,382.5	0.36%

Bond Yields	Percentage
US 10 year	4.07%
US 2 year	4.77%
India 10 year	7.20%

FII Flows (Cash market - In Crores)		
Current	MTD	YTD
-1,892.77	57.31	141382.77

Top 8 Nifty Gainers	Chg. %	Top 8 Nifty Losers	hg. %
DIVISLAB	4.51	BRITANNIA	-2.68
M&M	4.33	BAJAJ-AUTO	-0.87
SBILIFE	2.50	SBIN	-0.86
SUNPHARMA	2.04	TATAMOTORS	-0.81
LTIM	2.01	AXISBANK	-0.50
ADANI PORTS	1.83	ONGC	-0.46
GRASIM	1.78	BAJFINANCE	-0.39
BAJAJFINSV	1.56	TATASTEEL	-0.34

Currencies	D/D	MTD	YTD
DXY	0.06%	0.19%	-2.33%
INR	0.06%	0.62%	0.00%

Participant wise Open Interest	07/08/2023	04/08/2023	07/08/2023	04/08/2023
Client Type	Net Position Index Futures	Net Position Index Futures	Net Position Stock Futures	Net Position Stock Futures
FII	-18,743	-25,595	45,691	23,259
Pro	-4,611	-1,520	2,14,389	2,22,249

Participant wise Open Interest	07/08/2023	04/08/2023	07/08/2023	04/08/2023
Client Type	Net Position Long Call - Put	Net Position Long Call - Put	Net Position Short Call - Put	Net Position Short Call - Put
FII	-52,546	-1,36,048	-16,097	-2,896
Pro	-44,640	5,284	1,31,081	1,68,341

Commodity Corner	Currency/Per Unit	Price	Week on Week	MTD	YTD
Copper	USD/Lbs	3.7877	-2.50%	-3.30%	0.47%
Aluminium	USD/T	2230	-2.30%	-0.07%	-3.50%
Zinc	USD/T	2493	-2.81%	-0.24%	-16.98%
Tin	USD/T	27700	-3.62%	-4.52%	10.69%
Rubber	USD Cents/Kg	127.8	-1.84%	-2.52%	-3.55%
Coal	USD/T	141.1	2.77%	5.30%	-64.03%
Steel	CNY/T	3647	-3.36%	-3.08%	-9.11%
Gold	USD/t.Oz	1931.33	-0.65%	-1.40%	5.77%
Crude Oil	USD/Bbl	82.064	0.87%	1.84%	6.12%
Agriculture					
Cotton	USD/Lbs	86.38	1.10%	1.55%	3.98%
Wheat	USD/Bu	650.76	-0.23%	-7.60%	-16.24%
Rice	USD/cwt	15.85	0.03%	1.44%	-13.87%
Sugar	USD/Lbs	23.74	-1.53%	-0.75%	20.48%

What's in the news !

▲ Positive ■ Neutral ▼ Negative

- **Bayer Crop Science Ltd:** It reported revenue from operations for the period ended 30th June 2023, was Rs. 1740 Crores, +4.4% Y/Y & 77.2% Q/Q. EBITDA also saw improvement of +7.6% Y/Y & +106.3% Q/Q coming to Rs. 425 Crores. EBITDA margin was 24%, an increase of +3.1% Y/Y & +16.4% Q/Q. PAT stood at Rs. 328 Crores, +8.3% Y/Y & +107.6% Q/Q. Easing retail inflation during the quarter helped corn-seeds producing businesses like Bayer Crop sciences to log profits despite a slowdown in its crop protection business. Agro-chemical makers have been wrestling with slower revenue growth due to lower prices of glyphosate, an active ingredient in many herbicides. *Management Commentary: In Q1 of FY2023-24 despite the impact of delayed monsoon they continued to see strong growth in Sales and liquidation of the Crop Protection portfolio. As expected, they witnessed Roundup™ price normalization impacting the overall Sales growth of the quarter. Corn seeds continue to yield strong results with volume growth driven by portfolio and better acreages in Kharif.*
- **India Cements Ltd:** The company reported a decline in revenue from operations, -5.1% Y/Y & -3.3% Q/Q, falling to Rs. 1437 Crores. With the increase in fixed power demand charges, salaries and wages and advertisement expenses EBITDA was Rs. 8 Crores, -79% Y/Y & -118% Q/Q. EBITDA margin for the quarter was 0.6%, -78% Y/Y & -118% Q/Q. India cements saw net loss of Rs. 87 Crores, an improvement from a loss of Rs. 227 in Q4 FY23 but a decline of 61.5% on Y/Y basis. The selling price of cement was lower during the quarter under review due to severe competition caused by supply overhang. There was a reduction in variable cost during the quarter on account of softening of fuel price. The reduction in variable costs was offset by the reduction in realisation resulting in lower margins. The lower margins impacted the liquidity severely resulting in lower volume for the quarter. Its cement sales for the quarter under review were 26.57 lakh tonnes, -4.6% Q/Q. The company has planned to monetise some of the non-core assets to improve the liquidity for improving the operating performance as well as meeting some of the minimum capital expenses.
- **Godrej Consumer Products Ltd:** It reported revenue of Rs 3,449 Crores, +10.37% Y/Y & +7.78% Q/Q, EBITDA stood at Rs 643 Crores, +23.42% Y/Y & +0.31% Q/Q, EBITDA margin came at +18.64%, +1.97% Y/Y & -1.39% Q/Q and PAT of Rs 319 Crores, -7.54% Y/Y & -29.42% Q/Q. Double-digit UVG of 12%. Home Care volume grew 14% and Personal Care grew by 2% and total branded sales grew by 6%. Double-digit sales growth continues in Africa, USA & Middle East with Sales growth of 16% in constant currency terms. Indonesia business delivers improved performance and sales grew by 15% (constant currency) aided by structural initiatives taken last year.
- **Tata Chemicals Ltd.:** Revenue from operations was Rs. 4218 Crores, +5.6% Y/Y & -4.3% Q/Q. EBITDA stood at Rs. 1043 Crores, +2.8% Y/Y & +8% Q/Q. EBITDA margin was 24.7%, -2.7% Y/Y & +13% Q/Q. PAT for the quarter was Rs. 587 Crores, -7.8% & Y/Y & -15.2% Y/Y. The soda ash prices got adversely impacted as many customers delayed their purchasing decisions due to new supplies expected from China. This was further impacted by slower growth in Chinese economy post-COVID and softening of industrial production in developed economies and this may persist in the near term. The Company had to adopt agile pricing to maximize volumes and ensure optimum utilization of capacity. They expect positively impact for the demand for newer applications like solar glass and lithium in the medium to long term.

Open Fundamental Calls (12 months)

Company Name	Entry Price*	Target	M to M	Potential return
Muthoot Finance	1091	1550	25%	14%
Maruti Suzuki	8641	10629	10%	12%
Eicher Motors	3161	4375	6%	30%

From Technical Analyst's Desk

NIFTY (19,597)
Support - 19,300
Resistance - 19,800

• Nifty closed positive and is expected to consolidate between 19,300 - 19,800.

Recommendation	Trigger level	Target	Stoploss
Nifty Futures	Buy above 19,700	20,200	19,550

BANK NIFTY (44,838)
Support - 44,000
Resistance - 45,500

• BankNifty closed negative for the day and is expected to consolidate between 44,000 - 45,800.

Recommendation	Trigger level	Target	Stoploss
Bank Nifty Futures	Buy above 45,200	46,000	44,700

Options recommendation

Stock/Index	Recommendation	Type	Strike	Expiry	Premium	Target	Stop loss
INFY	Buy	Call	1,400	31Aug, 2023	22.60	38.00	15.00
RELIANCE	Sell	Put	2,500	31Aug, 2023	30.00	10.00	40.00

Top Pick for the day

Company Name	Entry Price*	Target	Stop Loss	M to M	Potential Return
TCS	3471	3600	3407	0%	3%

Positional Calls (15 days)

Company Name	Entry Price*	Target	Stop Loss	M to M	Potential Return
Mahindra & Mahindra	1515	1650	1450	1%	8%
Divi's laboratories	3800	4000	3700	3%	2%
SBI Life Insurance Company	1300	1400	1249	0%	7%
Bharat Forge	912	996	870	0%	9%
Marico	569	590	560	1%	2%
Berger Paints	700	750	675	1%	6%
Exide Industries	259	287	245	2%	9%
Hindustan Unilever	2566	2640	2530	0%	3%
Muthoot Finance	1330	1450	1270	2%	6%
Balrampur Chini Mills	408	435	395	-1%	8%
Apollo Tyre	427.5	453	415	2%	4%
Balkrishna Industries	2442	2630	2350	-3%	11%
Mazdock	1855	1950	1800	-2%	8%
India Cements	219	237	210	-1%	10%

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
ADANIEMT	2516	2490	2542	2568	2595
ADANIPTS	764	756	779	787	803
APOLLOHSP	4946	4917	4985	5015	5054
ASIANPAINT	3323	3302	3336	3357	3370
AXISBANK	947	941	951	957	961
BAJAJ-AUTO	4673	4630	4708	4751	4787
BAJAJFINSV	1473	1465	1492	1500	1520
BAJFINANCE	7093	7027	7138	7204	7249
BHARTIARTL	881	875	891	898	907
BPCL	358	355	361	363	366
BRITANNIA	4700	4561	4758	4897	4954
CIPLA	1183	1151	1206	1237	1260
COALINDIA	232	230	234	236	238
DIVISLAB	3665	3633	3793	3825	3953
DRREDDY	5615	5582	5652	5684	5721
EICHERMOT	3341	3322	3359	3378	3396
GRASIM	1806	1797	1835	1845	1874
HCLTECH	1138	1134	1147	1151	1160
HDFC	1644	1638	1654	1660	1669
HDFCBANK	637	633	643	647	654
HDFCLIFE	2927	2911	2946	2962	2981
HEROMOTOCO	453	452	460	461	468
HINDALCO	2528	2516	2551	2564	2586
HINDUNILVR	964	959	973	977	986
ICICIBANK	1400	1391	1409	1419	1427
INDUSINDBK	1369	1364	1382	1387	1400
INFY	452	449	454	458	460
ITC	799	795	808	812	821
JSWSTEEL	1829	1819	1837	1848	1856
KOTAKBANK	2611	2602	2633	2642	2664
LT	4877	4840	4968	5005	5096
M&M	1440	1435	1485	1490	1536
MARUTI	9412	9358	9476	9529	9593
NESTLEIND	22254	22001	22403	22655	22804
NTPC	216	215	219	220	222
ONGC	172	171	173	175	176
POWERGRID	246	244	247	249	250
RELIANCE	2498	2490	2513	2521	2537
SBILIFE	1248	1238	1277	1287	1316
SBIN	568	562	573	578	583
SUNPHARMA	1122	1111	1145	1156	1178
TATACONSUM	829	824	835	840	846
TATAMOTORS	610	604	614	620	625
TATASTEEL	118	117	119	120	121
TCS	3420	3407	3454	3467	3501
TECHM	1165	1158	1179	1186	1200
TITAN	2886	2865	2903	2923	2940
ULTRACEMCO	8113	8092	8182	8203	8272
UPL	600	599	605	606	611
WIPRO	406	405	410	411	415

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